

BUSINESS WEEK

OCT. 26, 1946

TECHNOLOGY DEPT.



Dr. Willard H. Dow — "For conspicuous service to applied chemistry"

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WEEK
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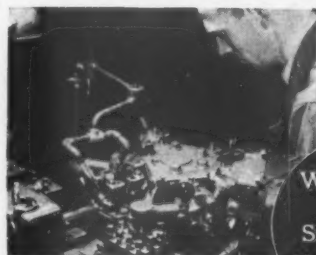
"Yes, but what can I do?"

HONEST but baffled Americans are asking that question. They know there is a communist Fifth Column at work here; that hatreds and suspicions are being spread deliberately; that the thrift and independence and self-respecting hard work that built America are being broken down. But they don't know what they as individuals can do.

All great movements consist of many individuals just simply and honestly making up their minds that some course of action is right. What if all of us—truck drivers, manufacturers, machinists, politicians, miners, housewives, farmers, everyone—what if all of us decide that beginning tomorrow we will give *full value*. We would give *full, honest value* for all the money and privileges we receive. Full value as manufacturers for the priceless privilege of operating under the profit system. Full value as workers for the machinery which capitalism provides and without which we would have to work longer and harder for a fraction of present pay. Full value as politicians for the trusting faith the people have placed in their representatives.

Suppose we all began this tomorrow morning, just because we know it is right. By tomorrow night there would be no more labor troubles. Shortages would quickly disappear. Prices would come down and values would go up. America would be on the way to the greatest prosperity, peace, security and happiness the world ever saw, and it would be permanent. The rest of the world might see what was happening, and copy us—and then we would have true world peace for there would be nothing to fight about.

Everything else has been tried, and failed. Isn't this worth a sincere attempt while we still have an America where individuals *can* act for themselves?



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Rubber wheel with a rubber tread

A typical example of B. F. Goodrich development in tires

HAND or power trucks in and around manufacturing plants haul everything from soup kettles to glassware and steel pipe. When mounted on steel wheels loads are hard to move. Wheels ruin floors. Noise is deafening.

Solid rubber-tired wheels solved this problem.

But for many uses these wheels were too expensive. And far too heavy. In some plants where chemicals were used corrosive agents attacked the metal wheels and shortened their life.

Then B. F. Goodrich research men

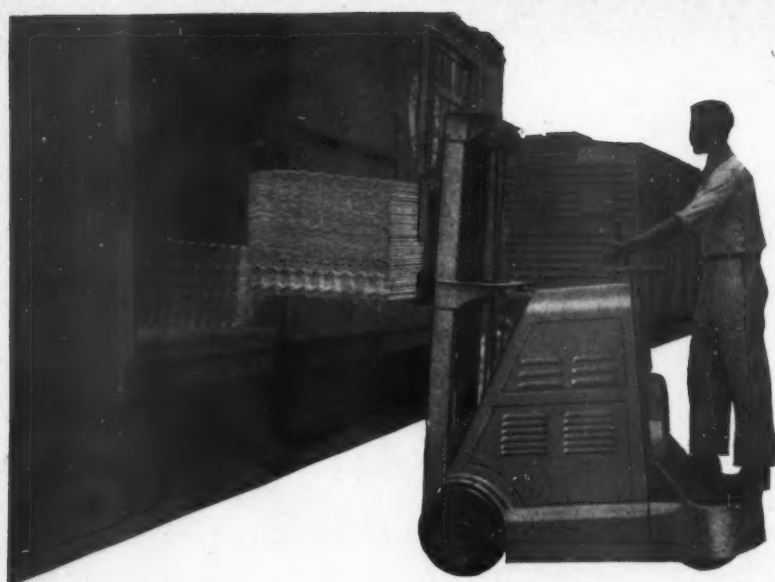
came up with a new idea. They built a wheel of hard rubber, covered it with a soft cushioning tread. This all-rubber wheel rolls easily, is light in weight, and is far lower in cost. It's ideal for hand trucks such as that shown being lifted in the picture.

This development of a special wheel for a special purpose is typical of the B. F. Goodrich policy of continuing research. It has resulted in dozens of special tires for uses ranging from underground coal mines to logging camps and powder plants. It has

resulted in constant improvement of tires for everyday jobs on trucks, cars, airplanes, farm and industrial equipment. When you buy from the B. F. Goodrich dealer you are assured of tires backed by this policy of constant improvement. *The B. F. Goodrich Company, Akron, Ohio.*

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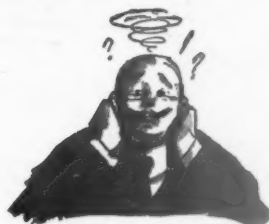
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BUSINESS WEEK • Oct. 26, 1946

The Company that bought a YCILOP!

by Mr. Friendly

Any accident looking for a place to happen, always chose the Winkle Works!
Life was nothing but accidents and low production, when Mr. Friendly suggested a Ycilop. "A what?" said Mr. Winkle, the president.



"A Ycilop," said Mr. Friendly. "It's a part watch dog, part guardian angel, with a mixture of cash register!"

"There's no such animal!" said Winkle.

Mr. Friendly went to the door and called, "Here Ycilop!" Then in through the door it came.

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"A Ycilop," he explained, "is simply policy spelled backwards. This is American Mutual's special Workmen's Compensation Ycilop!"

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morale leaped and production soared, he cried:
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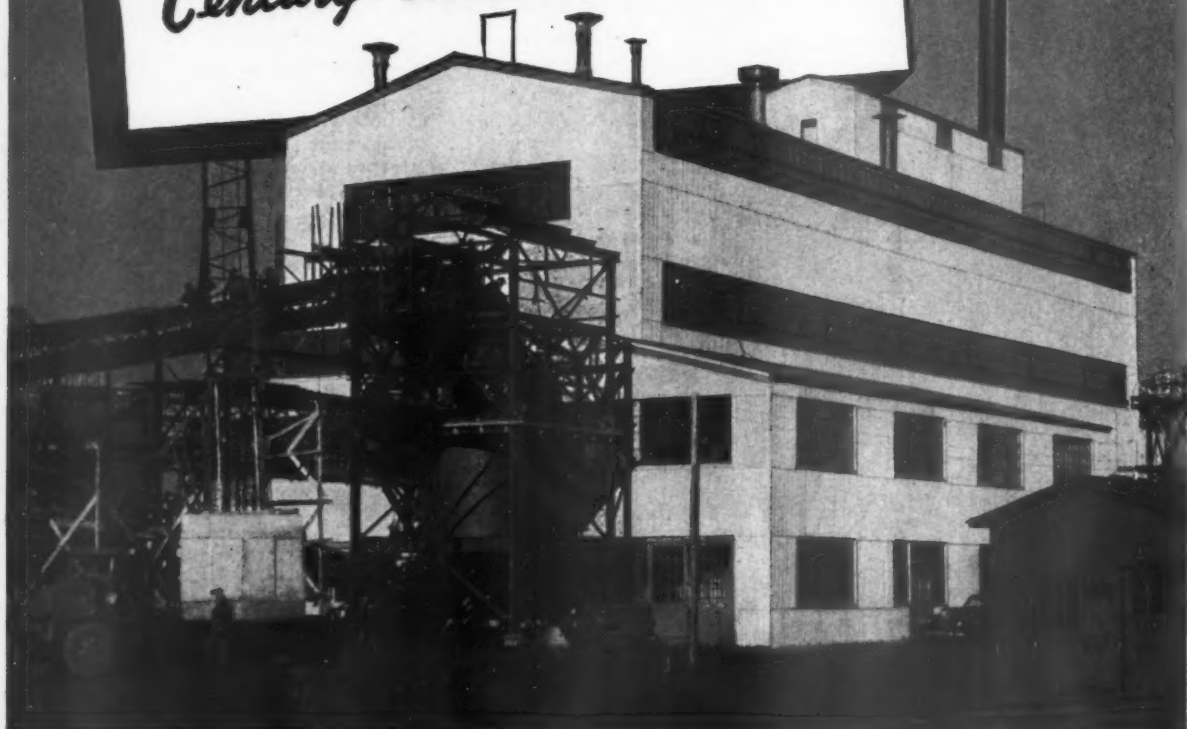
*Accident prevention based on principles of industrial engineering.



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WASHINGTON BULLETIN

LEWIS HAS THE BALL

Just when the hold-the-line men were looking the other way—eyes fastened on the auto and packing house workers' maneuvers, for instance—who should grab the ball but that old Republican, John L. Lewis.

Minus his appendix but none of his audacity, the boss of the coal miners need only lift one of those massive eyebrows and 350,000 of his faithful miners will drop their tools with a thud that will shake the underpinnings of the American economy.

Lewis' threat to declare his contract with the government null and void confronts the Administration with a problem which will not be left to Interior Secretary Krug to resolve. President Truman will have to make a pre-election decision, after consulting with his Cabinet, particularly with a fellow Missourian named Hannegan. Will they decide to add battle to a showdown? Hardly.

If he strikes, Lewis will be the target of epithets, but the people are more likely to take out their helpless rage at the polls against the Democrats.

And any action (or stall) by the Administration before Nov. 5 is bound to be almost as embarrassing as a strike.

Wants to Beat C.I.O. Show

Lewis' political sympathies are not the whole story. Congress will return in January in a mood to write labor-curbing legislation if strikes are then rampant (page 15). There are not enough walls for all this handwriting. The portent for Lewis is obvious. If it comes to a strike, Lewis wants to have it out of the way before Congress gets into session.

Interunion competition, of course, is another important motive. Lewis was never content as a follower. Philip Murray's big C.I.O. show in Atlantic City comes off the latter part of November as a preliminary to a campaign for new wage concessions. Lewis aims to take the play away from his one-time lieutenant.

It's a Calculated Risk

The suggestion has been made that Lewis wants the operators to seize the mines from the government. But it is apparent that Lewis, in demanding a pay increase now from the government, is putting his ambition to stay at the front of the wage parade ahead of his undoubted desire to reach a firm agreement with the mine operators before Congress moves in on him.

A strike while the mines are in gov-



Republican John L. Lewis well can smile, because his demand for a new wage contract with the government is sure to embarrass the Democrats.

ernment possession would, of course, risk the criminal penalties of the Connally-Smith Act. But the risk is not great.

For one thing, the government has never got tough with the big fellows on that point. For another, Lewis need not "coerce, instigate, induce, conspire with, or encourage" a strike, as the law puts it. There is no law against raising an eyebrow.

NEW MONOPOLY WEAPON?

Congressional pressure is being built up to pull war plant disposal out of the War Assets Administration.

The object is to get it way from people who think in terms of jeeps and bed-sheets and put it into a separate agency—call it the Government Facilities Administration. There, it is thought, the sale, and even more the lease, of the huge government-owned reservoir of plant facilities could more readily be utilized as a lever to restrain monopoly and get basic capacity adequate either for a full employment economy or for a war economy.

If the Senate stays Democratic, Sen. James E. Murray's Small Business Committee will begin a series of hearings

Dec. 10 to explore the possibilities and expose the failings of plant disposal.

Guinea pig will be the light metals program—outstanding case to date in which broad economic objectives dictated disposal policy. The committee will publicize the way two new competitors—Kaiser and Reynolds—have been built up alongside of Alcoa.

At the same time, the committee will push for close policing of the Kaiser and Reynolds leases to insure that the thousands of small businesses fabricating aluminum continue to have three completely independent sources of supply.

To Study Military Needs

Another phase of the hearings will be an examination of the adequacy of aluminum capacity, particularly for military needs. The Army and Navy are being pressed, without much success, however, for a definition of their future needs.

The committee will urge, in this connection, that the government secure maximum productiveness by finishing plants which were incomplete when the war ended; for example, installation of docking facilities at Kaiser's Baton Rouge alumina plant. It was when such a suggestion proved shocking to Administrator Littlejohn of WAA that the committee began to think that a new agency is needed.

After aluminum, the Senate committee will tackle steel, and here Murray's people will move into really touchy ground: The question of whether there's enough steel capacity—a problem that is receiving attention from the industrial mobilization planners and the Commerce Dept. (BW-Oct.19'46,p5). The tangible result of approaching this issue by the government plant route might possibly be a Government Facilities Administration program to round out and integrate the scattered steel-making facilities owned by the government.

Out Into the Open

This sort of approach seems to parallel the entirely independent conclusions reached by Munitions Board advisers and ex-WPB officials who are thinking about a civilian war mobilization agency, an embryo WPB (BW-Sep. 14'46,p5). Assuring wartime usefulness of government plant would be a major job of any such agency—so the peacetime WPB and the Murray committee's GFA might turn out to be one and the same.

The Senate Small Business Committee doesn't make any laws, but its hearings, staged by Dewey Anderson,



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WASHINGTON BULLETIN (Continued)

who learned his trade with the TNEC, will bring into the open the whole problem of gearing the industrial machine to the demands of an all-out economy or of a war mobilization.

Murray's seat is not at stake this year. Even should the Republicans take control of the Senate, odds are that the committee would be continued, under the chairmanship of Sen. Kenneth S. Wherry of Nebraska; monopoly is the avowed target of the committee, and it's a politically potent word in the mouths of Republicans as well as Democrats.

PRICE-FIXING ON DOCKET

Justice Dept. antitrusters' hopes for a final victory in their long battle against price-fixing under patents soared this week. The Supreme Court

agreed to review the government's case against the Line Material Co., maker of pole-line equipment.

At issue is the Supreme Court's 20-year old "G. E. rule" that a patent owner may legally set minimum prices for goods manufactured under license. The rule was established in 1926, when the Supreme Court approved the terms on which General Electric licensed its light bulb patents. It has been a major obstacle in Justice's campaign to eliminate the use of patents to build up what it considered illegal monopolies.

The court has been walking away from the old rule in a series of later cases, but has never pronounced a clear-cut reversal (BW—Mar. 16 '46, p. 21). Substantially the same issue is on its way up to the court in a new G. E. case, but Justice Dept. lawyers suspect that the court will find it easier to change its mind in a case with a different tag.

NEW CROP OF EXPERTS

Congress isn't going to take the bureaucrats' word for it any more. Long accustomed to call on the staffs of executive departments for the technical background it needs for legislation, Congress decided, when it passed the LaFollette-Monroney congressional reorganization bill, to end its dependence on the sometimes tendentious advice that it got from agencies with an ax to grind.

Many features of the reorganization may be thrown overboard by the next Congress in January. But the provision for a professional staff of Capitol Hill experts on everything from geography to full employment is already being put into effect.

Heading up the job is Dr. Ernest S. Griffith, former dean of the American University Graduate School, who has

Civilian Agencies Renew Fight for Control of Research

Appointment this week of a presidential research board to look into coordination of federally financed scientific research and development reflects one phase of the growing disturbance among civilian agencies in Washington over the quiet trend toward militarization of the government.

The trend is especially evident in the field of science. Almost all the manpower available for basic research is working under military direction (BW—Sep. 14 '46, p. 19), and the military is utilizing a sizable chunk of the nation's capacity for technological development.

• **Billion-Dollar Program**—Needled by OWMR and the congressional group which led the fight for a civilian atomic control commission, President Truman has approved a study by Reconversion Director John Steelman of the whole federal research program.

The study will check the suspicion that federal activity—now running close to a billion a year when Army, Navy, Manhattan District, and the comparatively small civilian programs are totted—may be so extensive as to divert effort from the main lines of industrial development.

• **Patent Fight**—Toucheist point Steelman will have to tackle is the wide discrepancy between the belief of the Justice Dept. (BW—Oct. 19 '46, p. 5) and congressional liberals

that results of publicly financed research should be generally available and the actual practice of the military agencies, which treat such results as the property of the investigator.

The presidential research board is not an executive substitute for the proposed National Science Foundation (BW—Aug. 25 '45, p. 63) which Congress failed to approve last year. Composed of the secretaries of War, Navy, Commerce, Interior, and Agriculture and the heads of other agencies doing research, it is merely window-dressing for Steelman's one-shot investigation.

But if, by the time Steelman makes his report, the plan for a science foundation seems to be losing ground, odds are that he will recommend some sort of executive agency to oversee government work in science.

• **Military Preferred**—This in itself will precipitate a political battle. For in the field of science—as in many others—growing military influence is less the result of encroachment by the brass hats than of conservative and business preference for military rather than possibly ideological civilian control of government research planning. This attitude was exemplified in the opposition to the science foundation.

Contributing to the same end is the frequent apathy of the civilian

side of the Administration. President Truman's months-long failure to name the atomic energy commission approved by Congress leaves atomic development in military hands by default.

• **Atomic Possibilities**—Although it's generally assumed that TVA Chairman David Lilienthal will head the commission, the other choices are still unmade—either through inability to find men or out of regard for the susceptibilities of Bernard Baruch, who heads the U. S. delegation to the United Nations Atomic Commission.

One slate of members now under consideration is reported to include two physicists, Louis Ridenour and Edward U. Condon, head of the Bureau of Standards; Gordon Dean, a Justice Dept. lawyer, or Edward Levy, who has left Justice to teach at the University of Chicago; and Sumner Pike, former member of the Securities & Exchange Commission. Chester Barnard of New Jersey Bell Telephone, a member of the Lilienthal group which formulated the control plan, is still under consideration, as is O. Max Gardner, Secretary Snyder's right-hand man at the Treasury.

However, indications are that the appointments will not be finally decided upon until the corps of lame ducks has been canvassed after the election.

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been attached to the Library of Congress since 1940. Griffith is picking part of his staff from the government service but is carefully steering clear of crusaders.

THE COVER

In his own right and as a symbol, Dr. Willard H. Dow, president and chairman of the Dow Chemical Co. of Midland, Mich., will step forward at the Commodore Hotel in New York City on Nov. 8 to receive the Chemical Industry Medal for 1946.

• **Symbol of the Age**—As a symbol, Dr. Dow will represent the alliance of science and industry to which the world now looks—somewhat fearfully, to be sure—for the conquest of the future, whether that future be one of peace or of war.

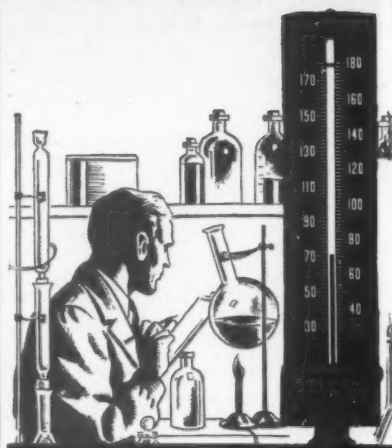
Behind his appearance at the Commodore lies a record that epitomizes the hopeful possibilities of that alliance. Starting as a chemical engineer in the company founded by his father, to whose leadership he succeeded in 1930, he has joined scientific and industrial techniques in the production of a line of more than 500 products—industrial chemicals, magnesium, pharmaceuticals, plastics, silicones, and agricultural chemicals.

Fifty wartime projects, involving magnesium, styrene for synthetic rubber, high-octane gasoline, and basic chemicals for the manufacture of munitions, put Dow Chemical a leader in the front rank of the mobilization of science and industry for victory over the Axis. Its dramatic extraction of bromine and magnesium from sea water gave the name "Dow" a special place in the public imagination, like the names of those men who combined to extract death from the atom.

• **And Research**—Dr. Dow already holds the Chandler Medal conferred by Columbia University for distinguished achievement in science and industry and the Gold Medal Award of the American Institute of Chemists. At the Commodore he will be cited for his "conspicuous service to applied chemistry." Industry men might well add "for conspicuous exemplification of the public benefits of assiduous research."

In nominating Dr. Willard Dow as its "Man of Science" for November, McGraw-Hill's Science Illustrated will tell the general reader that "the secret of Dow success" is "spending 65¢ to 70¢ on research for every dollar paid to stockholders—and 15 research laboratories, all directed by Dr. Dow himself."

The Pictures—Acme—20, 53, 90, 113; Harris & Ewing—15, 16, 66; Int. News—5, 15, 45; Press Assn.—16, 19, 83, 98, 106; British Combine—41.



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THE OUTLOOK

BUSINESS WEEK

OCTOBER 26, 1946



Prices have gone high enough to be vulnerable in many cases.

This was demonstrated in the May-September break in stock prices, again last week when cotton quotations took their sudden spill.

Fast-moving spot commodity averages have sunk sharply from the momentary upsurge following the lifting of meat ceilings (chart, page 18).

Some observers see in all this a major turn in price trends, possibly a bump in business. Others, however, believe it will prove nothing more than a readjustment that will ease the cost squeeze on profits.

Those who think we are going into a price deflation (which would mean inventory losses) should not overlook labor unrest:

John L. Lewis asking the Interior Dept. to reopen soft coal contract discussions; the United Auto Workers formulating a new wage policy; the Chrysler local of U.A.W. reopening wage negotiations; the Farm Equipment Workers announcing that they will reopen wage discussions covering International Harvester Co. plants.

These are samples of the growing drive on wages. If pushed with determination, union demands would mean another round of price rises (or industrial paralysis).

This inflationary potential still is highly dangerous (page 120).

Some strikes may not come off; others may not come off as planned.

The situation is highly complicated. For example, Lewis has jumped in to take the play away from C.I.O.—and perhaps to embarrass the Administration right before the election.

The C.I.O., for its part, hadn't planned to start anything until after its convention which follows the election. Then, allowing for normal sparring, things wouldn't come to strike stage before January.

But there's the possibility that, by January, business won't be good enough to give the unions any hope of a successful strike.

Moreover, the new Congress will be more conservative than any to sit in recent years (page 15). C.I.O. knows big strikes would mean antilabor legislation; public opinion might run high enough to preclude a veto of a bill that wasn't too drastic.

Thus there are pressures for quick union action which probably would be rash action. If things drag, later demands will be more moderate.

Most major industries aren't in a position to negotiate on wages now, what with the general business uncertainty and with OPA still around.

Excessive inventories, if they appear, will show up in nondurable goods before they do in durables.

The sales curve on durables still has a lot of room to rise. This is not true of nondurables where volume shortly will tend to stabilize.

Against that sales pattern, consider what happened during the much-discussed inventory rise in July and August:

Manufacturers of nondurable goods added 9% to inventory value even though their sales curve is flattening out. Manufacturers of durable goods, despite their brighter sales picture, added only 5.7% to stocks.

Supplies of a few types of textiles are becoming ample or even a mite

THE OUTLOOK (Continued)

BUSINESS WEEK
OCTOBER 26, 1946

bothersome. So Business Week correspondents report the country over. Stores have curtailed buying of some items of women's clothing.

Against this background of more comfortable stocks, the cotton market tumbled. Textile prices are tied to raw cotton, so manufacturers at once became anxious sellers (page 22).

New York's Worth Street market had a sudden rush of activity. The cloth sold there will add to retail stocks by spring.

Here is a situation which will at least drive low-grade merchandise onto the bargain counters. But it is too early to forecast a glut.

•
Relationships between sales volume in durable and nondurable lines will continue to shift fairly substantially.

This will be discussed exhaustively by Louis J. Paradiso in next month's issue of the Dept. of Commerce's Survey of Current Business.

He notes that spending on durables in the first half of 1946 was at an annual rate of \$12 billion below normal relationship to consumers' disposable income; on nondurables, the rate was \$12 billion above normal.

Greatest deviation below normal was in purchase of new automobiles; greatest above normal was women's apparel and eating and drinking places.

Good as the rise has been for building materials, this group had not quite regained a normal level in the first half of this year.

•
Consumers can continue to spend as great a proportion of income on nondurables while, at the same time, increasing to normal their expenditures on durables only if they choose to save less.

This they might do in view of abnormal wartime savings. People with nest eggs may feel safe in spending almost all they are earning. Lower income brackets have sampled a higher scale of living.

If, on the other hand, spending on durables and nondurables comes back into prewar relationship, many nondurable stores' sales will dip.

Such a sales decline, Paradiso points out, would result in reduced orders booked by various manufacturers of nondurables. Inventories would have to be adjusted and prices might be expected to suffer.

This process, in turn, would affect other areas of the economy.

•
One of the major business uncertainties now is whether autos and construction can go on up to expected high levels before some setback—a bad stock market, a spill in commodity prices, strikes, a decline in nondurable goods volume—takes the steam out of the postwar upswing.

•
Manufacturers are paying more than going prices for raw materials—if they can find them—in order to keep production lines running.

A motor car maker bought pig iron in Mexico, then began looking about in England and Sweden for more of the same.

Auto parts makers and stove builders have substituted higher-priced metals for the types they ordinarily use but can't get.

•
Construction to break bottlenecks still is being authorized. International Paper has the go-ahead on a \$390,000 mill; both Wyandotte Chemical and Solvay Process will build \$450,000 soda ash plants.

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FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	90.3	90.5	90.4	65.1	97.3
Production of automobiles and trucks.....	89,687	+86,330	80,972	13,750	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$15,795	\$16,998	\$16,568	\$9,977	\$19,433
Electric power output (million kilowatt-hours).....	4,540	4,495	4,507	3,915	3,130
Crude oil (daily average, 1,000 bbls.).....	4,733	4,737	4,775	4,237	3,842
Bituminous coal (daily average, 1,000 tons).....	2,033	+2,050	2,117	1,037	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	87	87	86	78	86
All other carloadings (daily average, 1,000 cars).....	63	64	66	48	52
Money in circulation (Wednesday series, millions).....	\$28,597	\$28,608	\$28,453	\$27,952	\$9,613
Department store sales (change from same week of preceding year).....	+15%	+15%	+37%	+11%	+17%
Business failures (Dun & Bradstreet, number).....	23	25	19	15	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	350.7	351.9	335.2	261.4	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	210.3	206.2	205.6	169.1	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	317.9	304.0	292.2	230.2	146.6
†Finished steel composite (Steel, ton).....	\$64.45	\$64.45	\$64.45	\$58.27	\$56.73
‡Scrap steel composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
‡Copper (electrolytic, Connecticut Valley, lb.).....	14.375¢	14.375¢	14.375¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.05	\$2.02	\$1.96	\$1.68	\$0.99
‡Sugar (raw, delivered New York, lb.).....	5.57¢	5.57¢	5.57¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	34.05¢	38.20¢	37.15¢	23.32¢	13.94¢
‡Wool tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.330	\$1.281
‡Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	118.6	117.9	116.2	131.8	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.15%	3.15%	3.15%	3.20%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.60%	2.61%	2.60%	2.62%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1½%	1½-1½%	1½-1½%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	¾-1%	¾-¾%	¾-¾%	¾%	¾-¾%

BANKING (Millions of dollars)

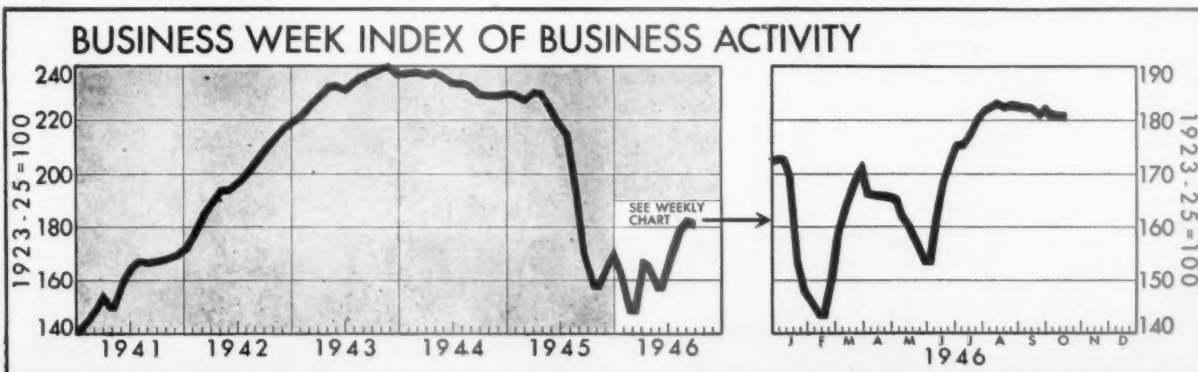
Demand deposits adjusted, reporting member banks.....	39,267	39,277	39,767	39,362	23,876
Total loans and investments, reporting member banks.....	58,317	58,170	59,408	61,075	28,191
Commercial and agricultural loans, reporting member banks.....	9,547	9,381	8,925	6,251	6,296
Securities loans, reporting member banks.....	2,449	2,474	2,897	3,432	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	39,230	39,187	40,525	45,471	14,085
Other securities held, reporting member banks.....	3,456	3,491	3,517	3,283	3,710
Excess reserves, all member banks (Wednesday series).....	960	810	930	1,032	5,290
Total federal reserve credit outstanding (Wednesday series).....	24,152	24,048	24,224	23,699	2,265

* Preliminary, week ended October 19th.

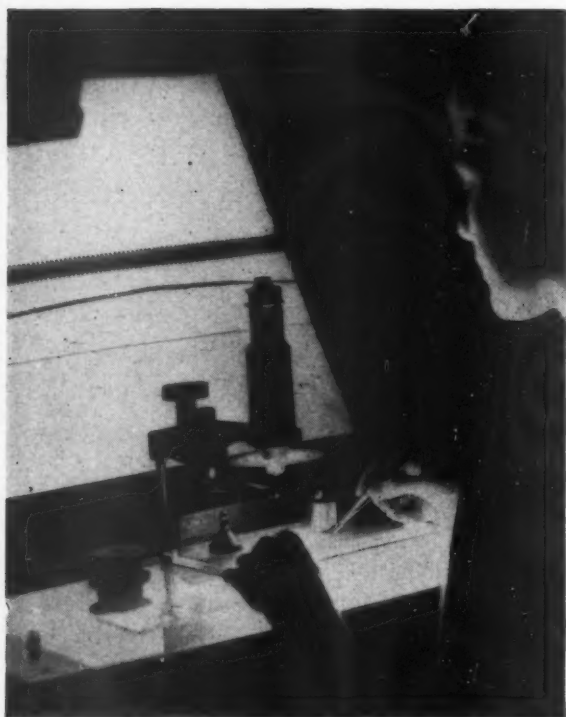
† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.



Two ways to look for value in Fluorescent Lamps




1

One way would be to get yourself a battery of testing devices like the one above. General Electric lamp scientists developed this shadow box to check on the double coiled tungsten wire that goes into G-E fluorescent lamp cathodes. It helps to eliminate defects that might reduce the life or cause end-blackening in the General Electric fluorescent lamps you buy. But of course, you'd have to make hundreds of other tests besides, to make really sure of getting top value. Just to develop the instruments to make these tests would take years of research and millions of dollars. But since General Electric already is doing all these things, the quick way to look for fluorescent lamp value is to . . .



2

Insist on the  **monogram** on all the fluorescent lamps you buy. You can depend on the quality of G-E fluorescent lamps, for every use in store, office, factory and home. *And you can rely on General Electric for the latest developments in lamps, because General Electric Lamp research is constantly at work with one idea in mind—to make General Electric lamps Stay Brighter Longer.

G-E LAMPS
GENERAL  ELECTRIC

Appraising a G.O.P. Victory

Republican control of one or both houses of Congress would speed the job, already under way, of getting the government out of business, but no broad reversal of the New Deal is in the cards.

The Washington climate will be a bit more bearable for business but far from ideal if, as election forecasts indicate, the Republicans win in November.

Since Congress and the Truman Administration have been willy-nilly backing out of a managed economy during the last year, any shift in political control of Capitol Hill will simply operate to give business quicker freedom from war-imposed curbs.

• **Tug of War**—With a shift in control of the House of Representatives only, the resulting tug-of-war with the White House on domestic issues would be merely a continuation of the present situation, inasmuch as House Republicans, in coalition with anti-New Deal Democrats, have exercised practical veto power over the Administration for the past two years.

Should control of the Senate, as well as the House, shift to Republicans, they apparently would have a real opportunity to hang up a program of their own and to make some of it stick. But the presidential veto power undoubtedly would still be an effective weapon against most measures that Republicans might start on their own initiative.

• **Nothing Decisive**—In general, a divided responsibility of government will preclude decisive action on broad policies for or against business. Exceptions would be the kind of business legisla-

tion which doesn't involve any politically partisan issue, such as railroad reorganization or banking.

Doomed to disappointment are those businessmen who cherish hopes of a roll-back of New Deal laws—repeal of the Wagner Act, abolition of social security, and so on. Republicans know that, if they turn their backs on labor, the workers' votes they glean this year will switch back to the Democratic column in 1948.

• **Programs**—Truman would still have the obligation to bring forward an "Administration" program and, as now, an anti-Administration House would have the power to accept or reject as much of it as it pleases.

It would be up to the Republicans to launch a legislative program of their own. But if they do not win the Senate as well as the House, they would have no assurance how far the program would get in a Democratic-controlled Senate which, in the main, has strung along with Truman.

• **Tax Cuts**—Some positive responsibility would shift to the Republicans with numerical control of the House. Theirs would be the initial responsibility for establishing the levels of taxes and the budget, since both revenue and appropriation bills must originate in the lower chamber.

The men who would have most to

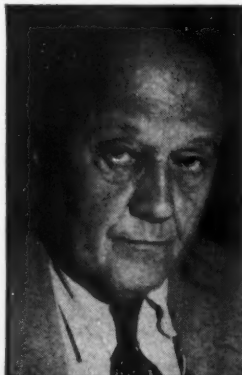


If Republicans win the House, Joseph W. Martin, Jr., will be Speaker, the most important job in Congress.

say about fiscal policy if the Republicans win control of the House are: Rep. Harold Knutson of Minnesota, who would succeed to the chairmanship of the Ways & Means Committee; Rep. John Taber of New York, who would become chairman of the Appropriations Committee; and the members of the Republican tax study committee, which is headed by Rep. Daniel Reed, also of New York.

These men are already on record with

Know Your Players—If the G.O.P. Wins House



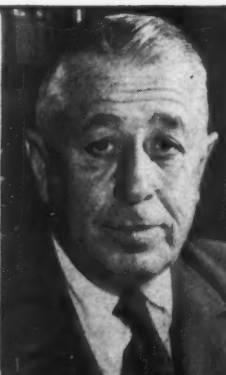
Harold Knutson
Ways and Means



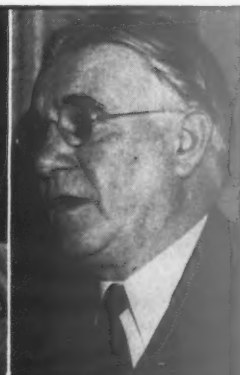
John Taber
Appropriations



Leo E. Allen
Rules



Walter G. Andrews
National Defense



Charles Wolverton
Interstate Commerce

FUTURISTIC BOX SCORE

What will be the outcome if the November elections put the Republicans in power in Congress? The answer can best be summarized this way:

Likely to Happen

A reduction in personal income and excise taxes.
Less government spending.
Higher support prices for farm products.
Overhaul of veterans' housing program.

Unlikely to Happen

Repeal of the Wagner Act.
Junking of the social security system.
Continuation of wartime controls.
Sweeping antilabor legislation.
Passage of a permanent FEPC law.
New restraints on business.

a fiscal program which, if achieved, would permit a 20% reduction in personal income taxes, and downward revision of excise taxes.

Many voters would applaud such tax cuts. But the concurrent cut in outlays might backfire in 1948, since 13 years of free government spending has put money in the pockets of millions.

• **Labor Legislation**—Another wave of big strikes certainly would revive severe antistrike bills. But even if the Republicans win both houses, a veto by Truman would almost certainly ditch such legislation again. Since even a landslide wouldn't give Republicans a two-thirds majority in the Senate, chances of mustering that percentage of votes (necessary to override a veto) are remote.

A mild labor bill, on the other hand, would have a good chance of passage whether the Republicans succeed in tak-

ing the House, Senate, both, or neither.

• **Appointments**—Republican control of the Senate would tie Truman's hands on all appointments requiring confirmation. While the G.O.P. would hardly block his Cabinet selections, it could be expected to force him to clear other top appointments through the Republican Party leadership.

Another possibility that might appeal to them as good strategy would be to refuse confirmation of any appointees to fill long-term vacancies on independent agencies or commissions, thus keeping them open for Republicans in the event of a 1948 change in administration.

• **Top Spot**—Master mind of a Republican House would be Rep. Joseph W. Martin, Jr., of Massachusetts, who would serve as Speaker.

Around Martin would be a number

of key figures in the House including: Taber and Knutson, handling taxes and the budget; Leo E. Allen of Illinois, slated to head the powerful Rules Committee.

Earl C. Michener of Michigan, who has frequently pinch-hit for Martin as minority floor leader;

Charles A. Halleck of Indiana, young and active leader in national party affairs;

Clifford R. Hope of Kansas, Walter G. Andrews of New York, and Charles Wolverton of New Jersey, prospective chairman of the Agriculture, National Defense, and Interstate Commerce committees, respectively; and

Leslie C. Arends of Illinois, present minority whip.

All are conservatives, ranging from center to right field.

• **Senate Jobs Uncertain**—Top posts in a Republican Senate are not so easily earmarked. The present minority leader, Wallace H. White, Jr., of Maine would be in line for either president pro tem or majority (floor) leader. Should he take the first, the floor leadership might be offered to Arthur H. Vandenberg of Michigan or Robert A. Taft of Ohio.

But Vandenberg undoubtedly would want the chairmanship of the Foreign Relations Committee, though he would have to persuade Arthur Capper of Kansas, who outranks him, to take the Agriculture Committee chairmanship instead.

Taft probably would settle for chairmanship of the Finance Committee. Styles Bridges of New Hampshire would have his choice of the chairmanships of the Appropriations Committee or the National Defense Committee. Charles W. Tobey of New Hampshire probably would head the Banking & Currency Committee and Alexander Wiley of Wisconsin, the Judiciary Committee.

Probable Lineup in Republican (?) Senate



Wallace H. White, Jr.
President Pro Tem
or
Majority Leader



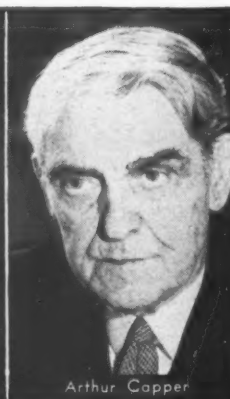
Arthur H. Vandenberg
Foreign Relations
or
Majority Leader



Robert A. Taft
Finance Chairman
or
Majority Leader



Styles Bridges
National Defense
or
Appropriations



Arthur Capper
Agriculture
or
Foreign Relations



A group of unattractive squatty buildings—one of many such segments dotting a white-elephant ordnance plant—spells hope to southern Illinois. They're powerful bait to lure industry and prosperity to an impoverished area.

Design for Living, Illinois Style

Southern tip of state, in economic doldrums for 20 years, sees hope for the future in a huge surplus war plant. Too big for any one company, it will be offered for multiple tenancy.

One of the biggest white elephants among the surplus war plants—originally slated for burial by the War Assets Administration—is coming to life in southern Illinois. If a group of business leaders there brings off a project they are working at right now, they may succeed in reviving a region that began to go broke in the 1920's and, except for a few years of war prosperity, has been on relief ever since.

• **For Scrap**—The plant is the government's \$30 million shell- and bomb-loading Illinois Ordnance Plant, between Carbondale and Marion in the southern tip of the state. WAA considered it too big to sell or rent as a unit; its many widely scattered buildings made it unusable by a single manufacturer. The government was ready to peddle it off for scrap.

But the business leaders of the section interceded, and won for the plant a reprieve from its death sentence. They wheedled the agency into trying to lease buildings in small parcels to small manufacturers. WAA will run an advertising campaign next month to attract prospective tenants from all the major industrial cities east of the Mississippi.

• **20-Year Depression**—Back of WAA's decision lies the story of the fight southern Illinois has been putting up for years to save itself from bankruptcy.

The 16-county section at the southern tip of the state, known as Egypt, began going into the doldrums 20 years ago.

Soon after the American Revolution, pioneers came down the Ohio River on flat boats, settled here, and farmed many a modest fortune from the rich virgin soil. But also they mined out its fertility.

Fifty years ago Egypt had its second streak of prosperity when rich coal fields were developed. But these began playing out in the mid-20's, and those owners

who kept big mines in operation put in full mechanization, shrinking the job opportunities still further. The depression of the 30's almost finished off the area; at one time, 61% of the population was on relief and another 25% barely kept off the rolls.

• **New Water Supply**—All through the 1930's, southern Illinois leaders worried over ways to rebuild the prosperity of the area. One thing they saw at once was that Egypt would be an economic orphan until it obtained an adequate source of water for industry. They successfully lobbied a grandiose plan, got 70,000-acre-ft. Crab Orchard Lake built with WPA labor.

Then, even before Pearl Harbor, they were hammering at Army Ordnance to utilize Crab Orchard water and Egypt's big force of unemployed labor in a major war plant. Now they are working like



It once served Uncle Sam as a carpenter's shop, but this building, typical of the Lake Crab Orchard Development units, could serve industry too.

COMMODITY TURNDOWN: END OR BEGINNING?



Did last week's drop in commodity prices mark the end of the wartime inflation or was it merely a temporary resting point? Prices, which had been going up steadily, rocketed during July when all controls were off. After the reinstatement of OPA, there was a decline during the last part of August and early September. From the middle of September on, the trend was reversed, and the averages moved slowly upward. Immediately after the

President's meat decontrol speech, the index took its last great jump—30 points in one day. But the high ground then attained has not been held. The decline in the index was brought about by the slump in meat, grains, and cotton (page 22). The drop in cotton, 13.4% from Monday to Friday, resulted in the New York Cotton Exchange staying closed on Saturday, Oct. 19. Whether there is any further inflationary push left is hard to say.

beavers to restore the income that V-J Day removed.

• **Prospects**—Their plan is simple and forthright: Persuade enough businessmen to move into the plant, and both the U. S. Treasury and southern Illinois will win. Five years of rental income should give Uncle Sam more dollars from this investment than the probable \$500,000 it would sell for as salvage. And the employment that the lessees will provide for several thousand workers will go far toward putting southern Illinois back on its feet.

Renamed Lake Crab Orchard Development, the giant plant consists of over 500 buildings scattered over 22,000 acres around the lake. Of these, 300 buildings, with 1,500,000 sq. ft. of floor space, are suitable for light manufacturing. Basic annual rental rate is 20¢ a sq. ft.

• **Labor Supply**—Biggest attraction of the plant, however, for manufacturers scratching the bottom of the barrel in labor-short industrial cities, is the district's labor surplus.

U. S. Employment Service surveys of the six-county area surrounding the plant put the total unemployed at the end of September at 9,500. In midsummer, before workers emigrated for seasonal work in canneries, the total was 12,000. USES estimates that if women at home, not listed as unemployed but actually eager for work, are counted,

15,000 workers can easily be found in the area.

By mid-December, most of the persons now drawing state unemployment compensation will have exhausted their benefits. Nobody knows what will happen then unless new industries hire them.

• **Progress**—Six tenants have already signed up to move into the big plant. Sangamo Electric Co. has taken 53,000 sq. ft. for its condenser manufacturing

division, hopes to employ 500. Smoler Bros., Chicago dress manufacturers, will use 10,000 sq. ft. in a pilot operation to train workers until their big new plant at neighboring Herrin, Ill. (BW—May 18'46, p. 63), is completed. Other tenants are a furniture company, two Chicago manufacturers of radio condensers and transformers, and a commercial blueprinter. Backers of the project hope 1,000 persons will be employed at the plant by the first of the year.

Businessmen Unite to Promote Southern Illinois

Business leaders of southern Illinois realized some years ago that the job of lifting the area out of its 20-year depression was too big for the individual communities to handle separately. To assure the best possible over-all job, they banded together into a sort of super-chamber of commerce, Southern Illinois, Inc. • The corporation's first task was to survey the area's resources; since then it has been actively promoting the region through publicity and by personal search for new industries.

The individual communities have been doing their part, too. Two years ago, Herrin raised a \$100,000 fund

to attract new industries. Three have moved into the town so far. Industrial Casing Co. now employs 60 workers in a building which was remodeled with \$7,000 from the fund. A Chicago firm, Smoler Bros., borrowed \$50,000 from the fund, is building a \$185,000 dress factory to employ 450 women. Borg-Warner's Norge Division has built a 600-worker washing machine factory on a site donated by the Herrin Chamber of Commerce.

• Other communities have started, or are planning, campaigns for funds. Murphysboro has already collected \$60,000 of its \$100,000 goal.

Insurers Seek Regulation

But by the states, not Washington. Now exempt from anti-trust laws, they can stay that way only if most states maintain strict control. New laws to be sought next year in 30 legislatures.

For the better part of two years, the huge, loose-jointed insurance industry has been running a curious race against time. It is trying to get a comprehensive system of state control set up to forestall federal regulation. And it has to get the job—or the greater part of it—done before Jan. 1, 1948.

At the moment, insurance men think they are going to make it, but the coming year will tell the story. Some 44 state legislatures are scheduled to meet in 1947. By the time they adjourn, the insurance industry, which handles around \$10 billion in premiums every year, should have a fairly clear blueprint of the machinery that will control its future operations.

• **Body Blow**—The scramble to revise state legislation got its start on June 5, 1944, when the U. S. Supreme Court coolly handed the insurance business its worst jolt since the San Francisco earthquake.

By a four-to-three vote, the court reversed a 75-year precedent and declared that insurance was interstate commerce, subject to federal regulation, and wide open to antitrust prosecution (BW—Jun. 10 '44, p18).

• **Congressional Action Sought**—The industry's first anguished impulse was to get Congress to say it wasn't so. When the Supreme Court decision came down, bills already were pending in both houses to declare that insurance was not to be considered interstate commerce. After the ruling, the industry threw all its weight behind these proposals.

It may have thrown too much weight. In any case, it antagonized Sen. Joseph C. O'Mahoney, the powerful Democrat who once presided over the Temporary National Economic Committee and its investigation of life insurance. Also, the word was circulated on Capitol Hill that any special anti-trust exemption for the insurance business would draw a veto from the White House.

• **Compromise**—About this time, however, the Justice Dept. developed a slight touch of cold feet. It had brought the antitrust action that led to the Supreme Court's decision, but it wasn't ready to argue that insurance could be fitted safely into the Adam Smith concept of free competition. And with Congress showing its election-year devotion to the pioneer principles, there was not much point in plugging for all-out federal regulation.

The result was a compromise, which was finally passed and approved by the President, Mar. 9, 1945. It declared that: "The continued regulation and taxation by the several states of the business of insurance is in the public interest." It suspended the operation of the Sherman Act (except the coercion, boycott, and intimidation provisions), the Clayton Act, the Robinson-Patman Antidiscrimination Act, and the Federal Trade Commission Act, as far as insurance is concerned, until Jan. 1, 1948.

After that date, these four laws "shall be applicable to the business of insurance to the extent that such business is not regulated by state law."

• **Industry Buckles Down**—Lawyers still are trying to figure out exactly what this means, but the general idea is that the insurance industry has a three-year period of grace in which to put itself under comprehensive state control. After that, the Dept. of Justice will be free to shoot at anything not specifically sanctioned by state law.

With a little nudging from the National Assn. of Insurance Commissioners, the industry soon got down to

work on its plans for state regulation. The job of drawing up legislation was turned over to an all-industry committee consisting of representatives from all the various branches of the insurance business.

After taking a look at the problem, the all-industry committee decided that its most urgent job was to get laws drafted to cover the rate-making activities of the fire insurance companies and the casualty and surety underwriters.

• **Rating Bureaus Vulnerable**—In these two branches of the business, most of the big companies maintain rating bureaus, either state or regional, which fix the rates for all members, using the total experience rather than the experience of an individual member as a guide. This is sound insurance practice, but it is an open-and-shut violation of the Sherman Act prohibition on joint price-fixing.

Life underwriters think they are less vulnerable on this point. The risks in life insurance don't vary much from year to year, as they do in fire and casualty. The life companies have no rating bureaus; and each sets its own rate without any overt consultation with its fellows.

• **To Legalize the Bureaus**—To take the fire and casualty companies away from the gun muzzle, the all-industry committee has drafted a pair of bills that will establish the basic machinery of regulation in each state that adopts them.

Under these bills, the states license

REMEMBER PEARL HARBOR?

It isn't every day that John Q. Citizen gets a chance to buy a battlewagon—even one like the bomb-bashed Oklahoma. About the biggest single surplus offering yet, the ship, a Pearl Harbor victim, was raised in 1944.

VESSEL FOR SALE

ONE BATTLESHIP (BB-37)

(The Former U.S.S. Oklahoma)

Total Estimated Weight: 24,300 Gross Tons

LOCATION: Moored in West Lock of Pearl Harbor, Oahu, Hawaii.

Forty-minute boat trip from U. S. Naval Shipyard

Bids Accepted Until 26 November 1946

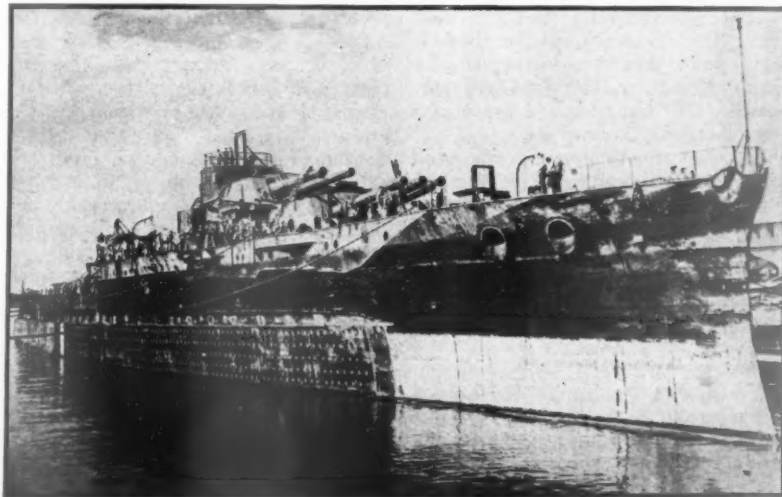
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Navy Material Redistribution and Disposal Administration

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IT'S BEAUTIFUL—BUT IS IT WORTH IT?

The primary question to housewives at the corner butchershops this week was: to buy or not to buy? And from many, the answer was a reluctant no. For even in the face of rising supplies—from stockyards to retail shelves—prices receded but slowly from last week's peak and shoppers, bolstered by hopes of more and cheaper meat to come, refused to buy. The "strike" at midweek was beginning to pay off. With butchers unwilling to stock meat they couldn't sell, prices responded with a downhill turn—on butter and poultry as well as meat.

rating bureaus and authorize them to file rate schedules for their members. No insurance company is compelled to belong to a rating organization, but all companies have to file rates with the state officials, either through a bureau or independently.

• **Other Provisions**—When the companies file for a change in rates, they must supply supporting information and give the state insurance commissioner 15 days to review the proposed rates. If the commissioner takes no action, the rates go into effect at the end of the waiting period.

If he disapproves, either the companies file a new schedule or they ask for a public hearing. If the commissioner decides against them after the hearing, they can appeal to the regular state courts for a review.

Members of rating bureaus who want to charge less than their competitors will be allowed to apply for a deviation. • **Big Job Ahead**—A good many states (for example, New York) already have this system or something similar in operation. Others (Texas, Mississippi) have even tougher control laws on the books.

But insurance men figure that new laws will be needed in at least 30 states, including some of the best insurance territory in the country. California, for instance, has practically no controls except in workmen's compensation.

Massachusetts has only rudimentary regulation outside of automobile liability and workmen's compensation.

• **United Front**—When the time comes to tackle state legislatures, the insurance industry will be able to present a fairly united front, having fought out its differences quietly in advance. The big companies are prepared to support the all-industry bills, although some of them think the plan gives more authority than necessary to the state commissioners.

Most of the independents also will fall in line, but some undoubtedly will hold out against official approval for the rating bureaus. In a few areas, these holdouts may be strong enough to write their own brand of legislation. In California, for instance, the independents always have been strong, and backers of the all-industry proposals admit that it will be touch and go.

Most states, however, probably will fall in line, and by 1948 insurance men think state regulation will be fairly uniform in basic principles if not in detail.

• **Alternative**—If so, the insurance industry will have cleared its first and biggest hurdle. If not, its troubles will just be starting. In the areas where state control is inadequate, the companies will have to compete on a catch-as-catch-can basis with no rating bureaus or joint action of any kind.

If there are too many of these areas,

Congress is likely to step in and establish complete federal control.

• **Subsequent Action**—Once it has rating regulation straightened out, the industry will see what it has to do about the Clayton Act and the Robinson-Patman Act. Neither of these is expected to cause much trouble.

The Federal Trade Commission Act may be something else again. Its application to insurance still is an unknown quantity because it forbids unfair trade practices in sweeping terms and leaves the definition of an unfair practice up to the FTC. Nobody knows yet what FTC thinks of the insurance business.

DEMURRAGE PROTESTED

Some merchants and manufacturers in New York City, whose business has been curtailed by the two-month-old truck strike, are also faced with increased costs from the same source, and they aren't happy about it.

The added charges result from strike-caused failure to unload railroad freight cars. Normal demurrage charge on freight cars held more than four days is \$5.50 a day, which wouldn't be so bad. But last spring, because of the car shortage, the Interstate Commerce Commission ordered the roads to assess "penalty demurrage" bringing the total charge to \$16.50 a day after six days.

In an attempt to find an answer to this problem, the Commerce & Industry Assn. of New York is negotiating with the railroads to try to find a mutually agreeable ground for adjustments. Left to themselves, the railroads might well agree to compromise. But, in fact, they don't have any discretion in the matter, and any solution arrived at will have to be passed on by ICC.

CPA REJECTS STEEL PLEA

Growing pressure in Washington for a return to wartime allocations of steel to competing industries (BW-Oct. 12 '46, p5) has been checked by a recent decision of the CPA.

Declaring that "extra steel for one industry can only come from others that need it just as much," CPA Administrator John D. Small turned down the priority appeal of the Electric Range Industry Advisory Committee. The committee's plea had been regarded as a test of CPA's intention to continue its policy of restricting aid for steel users to veterans' housing builders, container manufacturers, the armed forces, and government export programs.

Over-all fourth-quarter steel production is expected to run less than 20 million tons. Priority programs give housing 326,000 tons; containers, 459,000 tons; the military, 223,000 tons; exports, 345,000 tons; and Schedule 1 of PR 28, 42,000 tons.

Southwest Banking on Its Own

Republic National of Dallas, No. 1 among nation's large banks in ratio of loans and discounts to deposits and resources, leads area in financing industrial development at home.

Traditionally, the major financing in the Southwest, as in other relatively "new" sections of the country, has been handled by banks in the North and East. Today that tradition is fading rapidly as the Southwest finds that it can finance its own development.

A major influence in this transition is the Republic National Bank of Dallas. Barely out of swaddling clothes as banks count their years, the Republic has attained an astonishing number of banking firsts in a quarter of a century.

• **Loan Ratio Leads**—This Texas bank ranks first among the nation's 100 largest banks in the ratio of loans and discounts to deposits and resources; it has the largest capital and surplus in the South and holds the largest loan portfolio; it is a leader in cotton and oil loans; it is among the top dozen banks in percentage of growth during the last decade.

An indication of how the Republic is aiding southwestern development may be had by contrasting its ratio of loans and discounts with the average for large banks:

As of last June 29, there were 183 U. S. banks with deposits of \$100,000,000 or over; for these, loans and dis-

counts averaged 19.53% of resources, and capital funds averaged 5.73% of resources. At the Republic, loans and discounts were 47.09% and capital funds 7.84%. Loans and discounts were 51.4% of deposits, which at mid-year were around \$256,500,000.

Capital is \$10,000,000, surplus \$10,000,000, and undivided profits slightly over \$2,000,000.

• **Specialties**—The Republic specializes in oil and cotton loans. Its staff includes three graduate petroleum engineers, and its directorate lists top names in both fields. Two vice-presidents and an assistant are specialists in cotton.

The bank's cotton and oil loans give it top ranking in these two categories in the Southwest.

• **Heads Syndicates**—In many of its large loans the Republic heads syndicates of southwestern banks. Recently it headed a group lending \$10,950,000 on an oil development to a Texas oil man, Rogers Lacy. This is said to be the largest oil loan ever headed and handled by a southwestern bank. Incidentally, Lacy is planning a skyscraper hotel in Dallas to be designed by Frank Lloyd Wright.

Until recently railroad financing did not come to the Southwest. But when the Missouri-Kansas-Texas R.R. needed \$4,750,000 a few months ago the Republic headed a syndicate of banks providing the money.

• **Latin-American Loans**—The Republic, which is southwestern correspondent for a number of Mexico banks, has been invading the Latin-American field, too. An example is a recent \$1,000,000 loan to pineapple and coconut growers in Mexico which enabled them to process and distribute frozen products.

When the Export-Import Bank set up a credit of \$100,000,000 on cotton to help clothe a war-torn world, Republic took the largest portion of the loan of any southwestern bank. The bank goes in for a variety of commodity loans—for example, \$3,500,000 to a San Antonio firm that distributes several million pounds of pecans each season; \$10,000,000 to processors of peanuts.

• **Own Travelers Checks**—The Dallas bank was one of the first to reach \$1,000,000 in veterans' loans under the G.I. Bill of Rights. Veterans Administration figures show that the Republic held 8% of total veterans' loans at the end of 1945. Such loans are handled by a department made up of veterans.

The Republic National is one of six

Thrift Begins at School

A Dallas banker's desire to teach his children lessons in thrift led to establishment of the Republic National Bank's School Savings Plan, a highly successful idea that has been widely copied.

• In 1929, James M. Cumby, a vice-president of the Republic, decided that it was time his two boys had savings accounts of their own. The boys, pleased with their steadily rising bank balances, found that their schoolmates were more than just interested. They wanted bank accounts, too.

The boys reported to their father, and the Republic's plan resulted. At each Dallas public school, usually on a Tuesday, a study period is designated as "Thrift Day." The teacher collects the savings deposits of the children, enters them on a card, and the money is turned over to the principal. The bank's money wagon comes around once a week to collect the savings and record the deposits.

• Today the Republic has some 40,000 school children's active thrift accounts. Long-range benefits are shown by the fact that many of these young savers later have become good customers of the bank when they went in business.

agencies that issues its own travelers checks. The bank has pushed these checks particularly in Mexico, where they are carried by 20 banks, as a means of facilitating good-neighbor relations.

• **President Boosts Southwest**—But in none of its operations is the bank allowed to forget that the Southwest comes first. Seeing to that is its president, Fred Farrel Florence, who went to work in a bank at the age of 15 and who became president of a bank at Alto, Tex., at the age of 24.

An untiring advocate of southwestern industrial development, Fred Florence believes that the Republic bank has made its major contribution to the Southwest by heading and handling such a large volume of loans, benefiting the area generally and introducing participating banks to a new and profitable business. His philosophy favors short-term liquid loans, fast turnover, and great diversity. The bank's loss factor—a minute fraction of 1%—testifies to the soundness of this principle.

• **Expands in Area**—Since branch banking is not practiced in Texas, the Republic has expanded through purchase of a controlling interest in several other banks in Dallas and its suburbs.



With many "firsts" to his bank's credit, Fred Florence, president of Republic National Bank of Dallas, puts its aid to the Southwest's development at the top of the list.

Cotton Drop Aids Industry

Price break in raw material widens market for finished goods. Analysis shows cotton textiles have been competing for larger than traditional share of consumer's dollar. Demand high.

Last week's sharp drop in raw cotton prices from 39¢ to 34¢ a pound immediately provoked heated controversy. Interpretations of the drop's significance for general business ranged all the way from the cry that it was caused by a "bear" raid on cotton alone to the thesis that it marks the passing of the price peak in all commodities.

The price break certainly came as a shock to most cotton men who had their eyes peeled on the tightening supply of the raw fiber (BW—Oct. 19'46, p. 22). For last week's reports showed a further worsening of the new crop's condition, and Texas' agricultural commissioner immediately interpreted this as grounds for expecting 50¢ quotations.

• **Textile Position**—The turnaround in cotton, however, will prove a lot less disturbing to readers of the timely analysis of the cotton textile industry which appears in the October issue of Business Week's associate publication, Textile World. The analysis indicates that, before the break, cottons had already "entered a danger zone," following a 60% jump in raw cotton costs in the past year.

The analysis declares that "at today's prices and output, the industry is be-

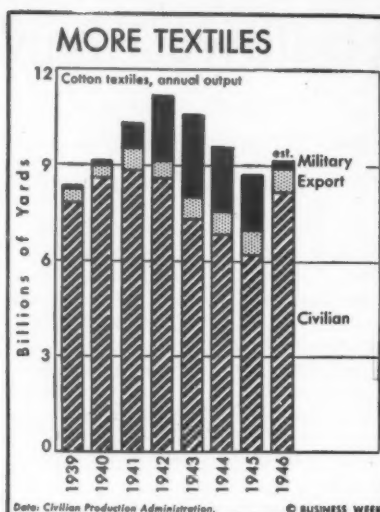
ginning to try for a larger share of the consumer's dollar than history shows it enjoyed year-in-and-year-out in normal times; the value of its output has climbed faster and farther above prewar days than has the value of the national income, which measures the over-all market (chart below)."

Hence, "the industry now is vulnerable to marked change in any of several economic conditions." This was tantamount to saying that raw cotton, too, was vulnerable, inasmuch as the raw fiber is by far the largest cost item in textiles at the wholesale level.

• **Crucial Move?**—According to some observers, the "marked change in economic conditions" that precipitated the price spill was the decision to decontrol meat. This decision was a forerunner of more general price decontrol, which will increase other industries' share of the consumer dollar.

• **Worries**—Talk of rising consumer resistance to high retail prices for cottons had already been worrying traders before the spill. Reappearance of \$2.40 cotton shirts at New York stores last week is cited as a case in point.

To be sure, Textile World's comparison of national income with value of textile output was based on wholesale



Cotton textiles have reattained prewar levels of output and civilian supply. But those rates provide no margin for making up the supply deficit accumulated in 1943, 1944, and 1945, amounting to half a year's current output. Hence demand for textiles is strong—at reasonable prices.

rather than retail prices. But wholesale prices were considered indicative of retail trends.

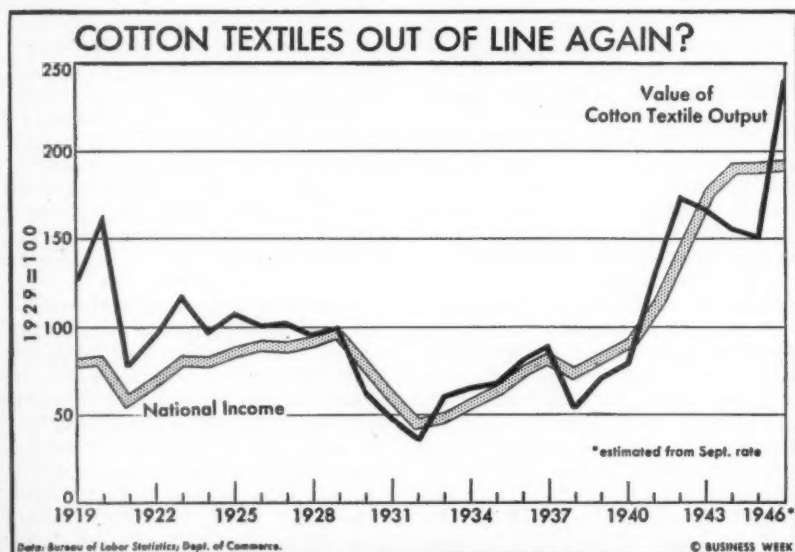
And while the comparison failed to show cottons as far out of line with income as in 1919-1920, the picture is darkened once you include competitive rayon goods which have entered the market since World War I.

• **Pent-up Demand**—The analysis also calls attention to the backlog of textile demands accumulated during the war, amounting to at least half a year's output (chart above). It indicates further that the current production trend is not pointed sufficiently high to work such a backlog off soon.

Worth Street, accordingly, this week was the scene of active buying of cloth, once mills reentered the market after raw cotton prices broke. Wholesale prices will follow the primary quotations, but only after a lag.

• **Readjustment Helpful**—Barring the possibility of a general business recession, gradual but continued price readjustment up the line from raw cotton to finished products should place the textile industry in a sounder position to avoid consumer resistance and thus to maintain high output which will whittle down the demand backlog.

The industry's current concern is the accumulated inventories of goods at mills. These piled up in recent periods when raw cotton prices were rising and mills were awaiting OPA readjustment in textile ceilings.



At September prices and output, reflecting a 37¢ quotation for raw cotton, the wholesale value of cotton textile production was already slightly out of line with the over-all measure of its market, the national income, judging by the historic relation between the two. The value curve shot up in the past year as output advanced and as wholesale prices were driven up by costs of raw cotton.

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Competitive Atom

Scientists say operating cost for nuclear power plants can compare favorably with that of coal-fired generating stations.

Scientists and engineers are confident that the utilization of atomic energy for power purposes now is technically feasible. In the hope of an eventual solution to political problems involved, they are turning their attention to a big question in the minds of producers and users of power: What about costs?

One answer to this question, presented to the United Nations Atomic Energy Commission by the United States representative, estimated that a 75,000-kw. nuclear power plant could be erected for around \$25,000,000 and could generate electricity for about 0.8¢ per kwh. (BW-Sep.14'46,p18). This was compared with 0.65¢ for a comparable conventional power plant, costing \$10,000,000 and using coal at \$7 a ton, delivered.

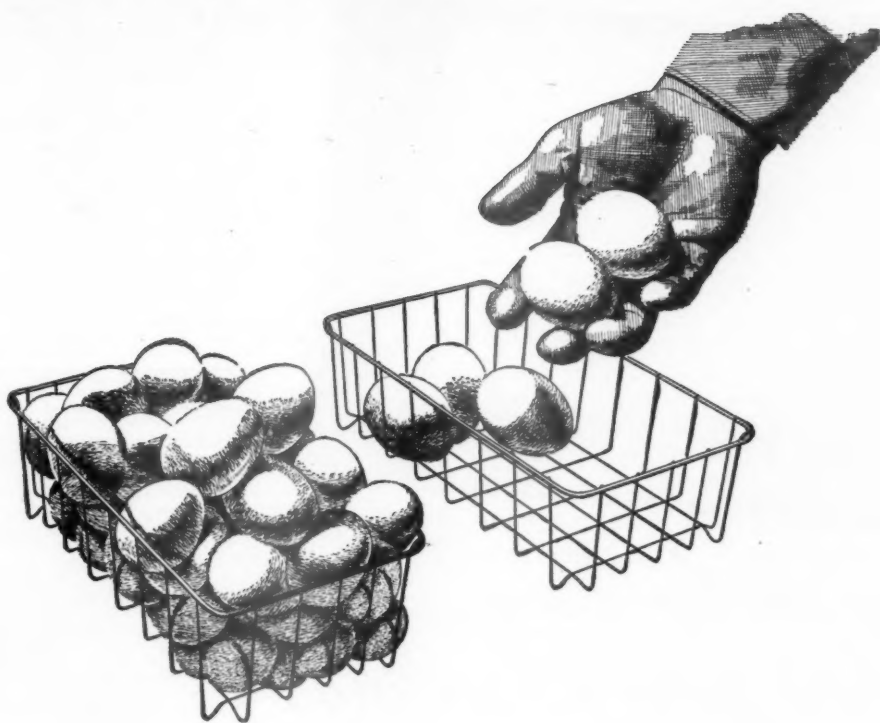
• **Separate Project**—Even before this study was released, however, members of the Northern California Assn. of Scientists prepared their own study as a project of the Committee on Atomic Energy of the Carnegie Endowment for International Peace. Their report was released this week.

After satisfying themselves that uranium and thorium in sufficient quantity for power purposes are or can be made available, and that fission by-product materials and radioactive tracer elements will cut little figure in income estimates, the scientists took up the question of costs.

• **Study Plants**—For study purposes they selected a 500,000-kw. primary reactor (producing power as an adjunct to its major purpose, the production of plutonium), and two secondary reactors (utilizing denatured plutonium) of 20,000-kw. and 100,000-kw. capacity. These were compared with conventional 20,000-kw. and 100,000-kw. coal-fired power plants.

The sizes selected are meaningful. The 20,000-kw. plant represents the "minimum size for economic use of steam turbines"; the 100,000-kw. size makes possible "what are probably the lowest costs obtainable in competitive plants"; the 500,000-kw. plant was deemed to be "a reasonable compromise between efficiency and practicability."

• **Installation Costs**—Lacking specific information as to the cost of atomic thermal units (such data have not been released by the Manhattan District), design engineers, necessarily not connected with the Manhattan District,



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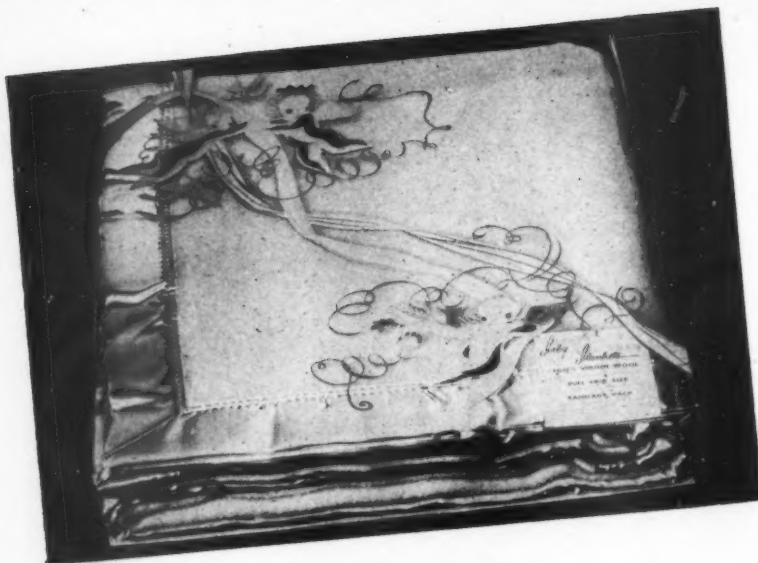
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*"Buy, baby, Buy...
Father's gone a'hunting."*



Two new Christmas packages by KELLOGG: the fruit cake by Spaulding Bakeries, Inc., Binghamton, New York; and the "Gift for a Gentleman" by The J. B. Williams Co., Glastonbury, Conn.

The pun is appreciated at Chatham Mfg. Co., for it expresses what happens when fathers, mothers, aunts and uncles . . . go shopping for baby blankets. The clear, transparent acetate box, beautifully decorated in delicate pastels of pink and blue, reveals the soft downy virgin wool blanket, fresh and clean, ready to tuck around baby in crib or carriage.

KELLOGG is doing things with clear, rigid acetate boxes that wise merchandisers are translating into sales increases. Especially interesting are the novel printing effects which have been perfected here.

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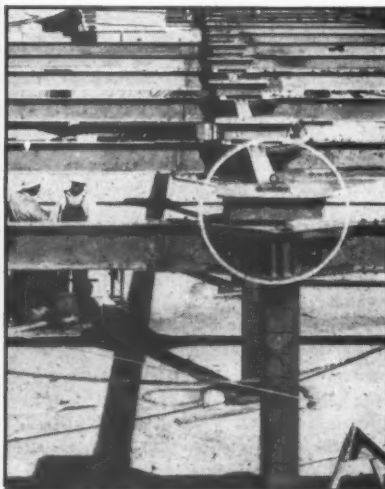
TRANSPARENT PACKAGING



estimated "very roughly" the installation costs for such reactors.

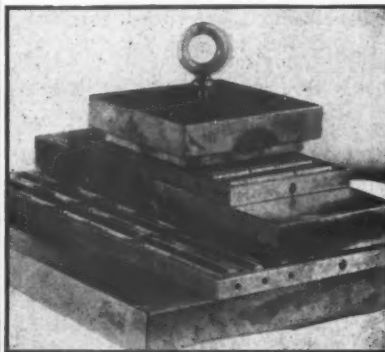
They arrived at a capital cost of \$68,700,000 for the 500,000-kw. uranium-fueled power plant, \$3,680,000 for the 20,000-kw. atomic power plant, and \$11,100,000 for the 100,000-kw. plant. Costs of these last two—both to consume plutonium—compare with \$3,280,000 and \$13,200,000, respectively, for the 20,000-kw. and 100,000-kw. coal-fired power plants.

• **Operation**—Estimated operating costs were based on coal at \$6 a ton and on carefully worked-out estimates placing



ROCKABYE BUILDING

To beat the earthquake at its own game, Sears, Roebuck's Los Angeles building (above) is being outfitted with roller bearings (below)—an anti-quake treatment to enable it to ride out the tremors. A flotilla of 65 special bearings will "float" a 3-story addition atop the original 6-story structure, allowing a 6-in. give in any direction. Made by Torrington Co., South Bend, Ind., the bearings consist of three steel plates with two interposed sets of rollers at right angles, supporting 250,000 lb. apiece.



P-17




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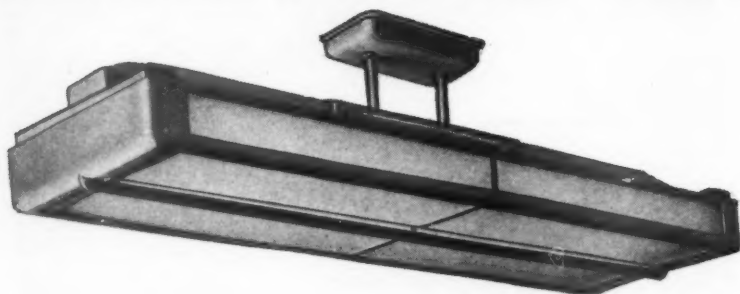
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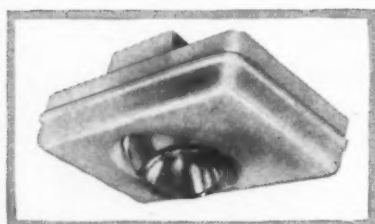
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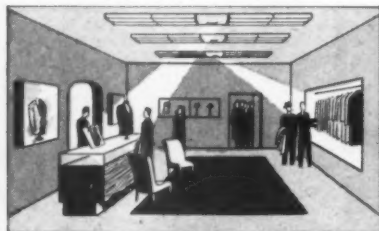
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CP-150 Unique incandescent spotlight. Can be used singly or combined with other "Packaged Light" units. Dramatizes displays in stores, showrooms.



Combined in single units are Sylvania fluorescent fixtures, lamps and accessories—complete "Packages of Light"—to give you brighter, longer-lasting light at lower cost. Each part, backed by the Sylvania trademark of dependability, is made of only the finest, strongest material.



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uranium at \$10 a pound and plutonium at \$20 a gram. Costs were figured at approximately \$12,200,000 a year for the 500,000-kw. plant, \$960,000 for the 20,000-kw. plutonium reactor, \$2,970,000 for the 100,000-kw. reactor.

For the coal-fired plants, these operating costs were estimated at \$980,000 for the 20,000-kw. unit and \$3,340,000 for the 100,000-kw. unit. All figures include allowances for fixed charges.

• **Possibility**—Estimating income for atomic power plants, the California scientists arrived at the conclusion that, if "reasonable" construction costs may be assumed, "it appears likely that plutonium reactors may produce power for 5% to 15% less than can be done in competitive coal-fired plants."

• **Competitive Prices**—Finally the scientists set out to determine possible future competitive price levels of coal and plutonium. They found, for instance, that if coal were \$3 a ton, plutonium would be competitive in a 20,000-kw. station if it were obtainable at \$11 a gram; in a 100,000-kw. station, at \$21 a gram. Other comparisons (coal prices per ton, plutonium prices per gram):

Coal Price	Pu Price in 20,000-kw. Station	Pu Price in 100,000-kw. Station
\$4	\$15	\$25
5	20	28
6	24	31
8	33	38
10	42	44
12	51	51

The large (500,000 kw.) primary pile, the study concluded, "could probably sell plutonium at a price thermally equivalent to coal, and still produce power at a cost of 3 to 4 mills per kilowatt-hour."

CO-OPS, UTILITY COOPERATE

In a modern version of the lion-lying-down-with-the-lamb story, nine Iowa electric cooperatives are planning to construct \$5,000,000 worth of generating and transmission facilities to be operated by Iowa Electric Light & Power Co., a privately owned utility. The project, if it goes through, will be financed by a loan from the Rural Electrification Administration.

The corporation has a long-standing deal with the nine co-ops to supply them with energy. The co-ops now want more power, but the company is unwilling to take on the additional fixed investment.

The plan, worked out after extended negotiations, is for the co-ops to form a separate ownership corporation and build a steam electric generating plant with a capacity of 20,000 or 30,000 kw. Iowa Electric then will lease the plant, commingle the power with power produced at its own plants, and supply

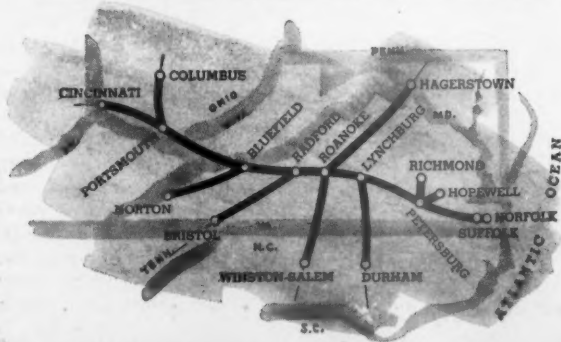


Extra heavy steel rails laid on specially treated ties and deep, strong ballast. That is the Norfolk and Western's solid steel highway between the Atlantic seacoast and the Midwest, and between the North and the South. Rivers have been bridged. Ravines have been filled. Hills have been cut and tunnels have been bored through mountains to provide a road that is — "on the level" — as safe and strong, and as smooth as can be built.

The roadbed is the foundation for every railroad's transportation service. On such a solid foundation the Norfolk and Western has

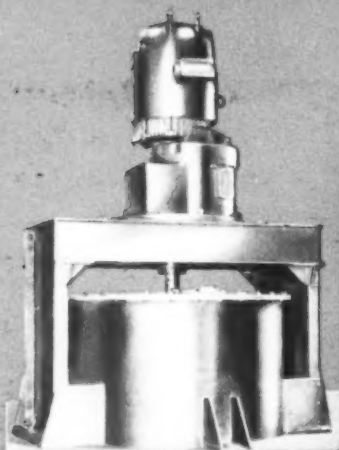
built modern and clean . . . a car for every purpose. Schedules are fast . . . recently speeded up by hours. Employees are experienced and courteous. N. & W. representatives located in the principal cities of the country are anxious to give you information on fast schedules, economical rates and service routes.

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**Norfolk
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PRECISION TRANSPORTATION

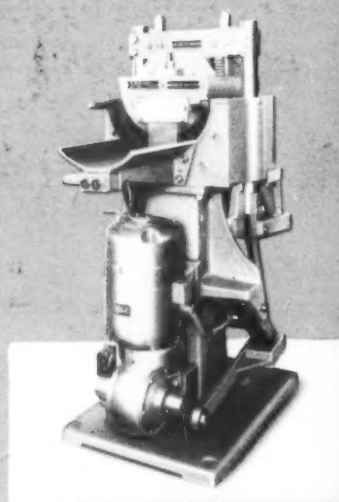
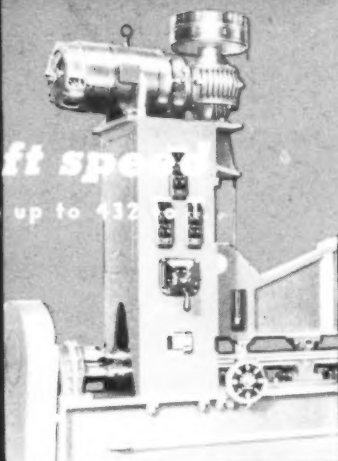


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additional energy to the co-ops through existing connections and the proposed new transmission lines.

BARGE LINE SEEKS RELIEF

The 123-year-old New York State Barge Canal is making another determined bid for survival. For probably the first time in its history, it has come to the side of the railroads in their bid for higher freight rates; but the canal people want a freight rate rise for themselves and a diminution of the differential between inland-water rates and rail rates.

Arguing before an Interstate Commerce Commission examiner at a recent rail-rate hearing, Donald MacLeay, on behalf of the New York State Waterways Assn., the National Water Carriers Assn., Inc., and individual carriers, urged increased rail rates—with reservations.

MacLeay urged that the railroads not be permitted by this device "to widen the already great spread between their general level of rates and their water-competitive rates."

The water carriers argue that the railroads have waged "a campaign of attrition" against the water lines by hammering down rates on competitive traffic and establishing ceilings above which water carrier rates cannot rise and still compete with the railroads.



ERUDITE NICKEL-SNATCHER

Quiz fanciers may test their own I.Q.'s on a new variation of an old favorite: a slot machine (above) that knows all the answers. At a nickel a try, a question and a set of numbered possible answers flash on the screen; the player presses a button with the number corresponding to his choice. If he's right, the machine pays—up to 40 to 1. Marketed at \$795 by Telequiz Sales Co., Chicago, the robot has a roster of 4,000 questions and answers in each of eight categories.

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Economists Survey the South

Bureau of Labor Statistics supplements management's own studies of growing southern industrialism. Region's future as an economic problem or a rich opportunity affects all U. S. business.

Wartime industrial progress in the 13-state crescent of the South raised an important question for management: Will the region become one of economic opportunity, or will it revert to its former status as an "economic problem?"

On the answer depends a lot of sound management planning. Decentralization of industrial facilities, now being undertaken by automotive and other manufacturers (BW—Sep.15'45,p42), has turned speculative attention to southern industrial centers. Business expansion hinges to some extent on what happens to the South as a market for goods.

And the status of southern workers will influence living standards, job opportunities, and degree of unionization of workers in other major industrial regions.

• **Basis for Planning**—Hence, industrial management has quietly undertaken a number of independent surveys of southern prospects in the past several months. Findings have gone into corporate programs for 1947 and 1948.

In addition, the Dept. of Labor's Bureau of Labor Statistics last June undertook an official study of the southern labor force, wages, employment, and related matters.

Next week the compilation will be made public in the October issue of the BLS Monthly Labor Review. While the resulting seven articles—requiring more than 100 book pages—will leave the basic question unanswered, they will provide exhaustive material from which management may draw its own conclusions.

• **South Defined**—BLS describes the South as encompassing Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Kentucky, Mississippi, Arkansas, Louisiana, Texas, and Oklahoma.

The region includes 843,812 square miles of territory, and an estimated July, 1945, population of 37,624,000.

• **Labor Force**—Dominant characteristics of the South's labor force as summarized by the government economists are:

- (1) The greatest potential rate of labor force growth in the nation.
- (2) A relatively large proportion of nonwhite workers.
- (3) Predominance of rural workers.
- (4) Greater working-year-span—southern workmen take jobs earlier in life, retire later.

(5) Relatively fewer women in industrial employment.

• **Industrial Growth**—Government economists find that the comparatively narrow prewar manufacturing base in the South—principally cotton textiles and hosiery, lumber, furniture, tobacco, and petroleum refining—has broadened.

In part, this was due to war impetus to incipient industrial stirrings in the South, in part to decentralizing tendencies of management in other regions, in part to the rise of new industries well suited to the South.

• **Leading the Nation**—Specifically, BLS reports that southern industrialization has increased faster than the national average. In 1880 the South had less than 8% of the total national manufacturing population; in 1939 it had

17.2% of the total, or 1,362,027 manufacturing wage earners.

This upward trend has continued. A.F.L. and C.I.O. statisticians agree on an estimate of 5,000,000 workers eligible for union membership in the South, most of them manufacturing employees.

• **Worker Migration**—The South not only has met its own growing industrial work-force needs by developing native workers, but, according to BLS, has contributed substantially to the labor supply of other regions.

Partly because economic opportunities have been limited in the South, out-migration has been steady. Before the war, an average of 130,000 more migrants left the South annually than moved into the region. The war stepped up the rate to 300,000 annually.

In all, 1,600,000 persons (one-third Negroes) moved out of the South during the war years—one million to the North, 600,000 to the West—and 700,000 moved in, for a net loss of 900,000.

• **Internal Shifts**—More important, because it reflected shifts from rural to urban areas, was internal migration. Intrastate shifts in the South between

C.I.O., A.F.L. Report Dixie Organizing Gains

The National Labor Relations Board, through Oct. 15, has handled 237 collective bargaining representation elections, or certifications, on C.I.O. petition during the current "Operation Dixie." C.I.O. unions have been successful in 202.

Yet the 202 victories, against 35 defeats (most of them in textile mills), have extended C.I.O. jurisdiction to plants with less than 50,000 employees. The union still is far from its goal of 1,000,000 new members in the South, set six months ago as a twelve-month objective for 298 organizers operating under a special field staff, headed by Van A. Bittner, and financed by a \$1,000,000 organizing fund.

• **C.I.O. Breakdown**—A recent breakdown of the 237 NLRB "Operation Dixie" elections showed that 41,792 workers in twelve states had voted: 25,371 for C.I.O.; 9,064 for no-union; 4,226 for A.F.L.; 1,834 for District 50 of the United Mine Workers; and 1,297 for independent unions.

Still pending in mid-October were 221 petitions by C.I.O. for elections.

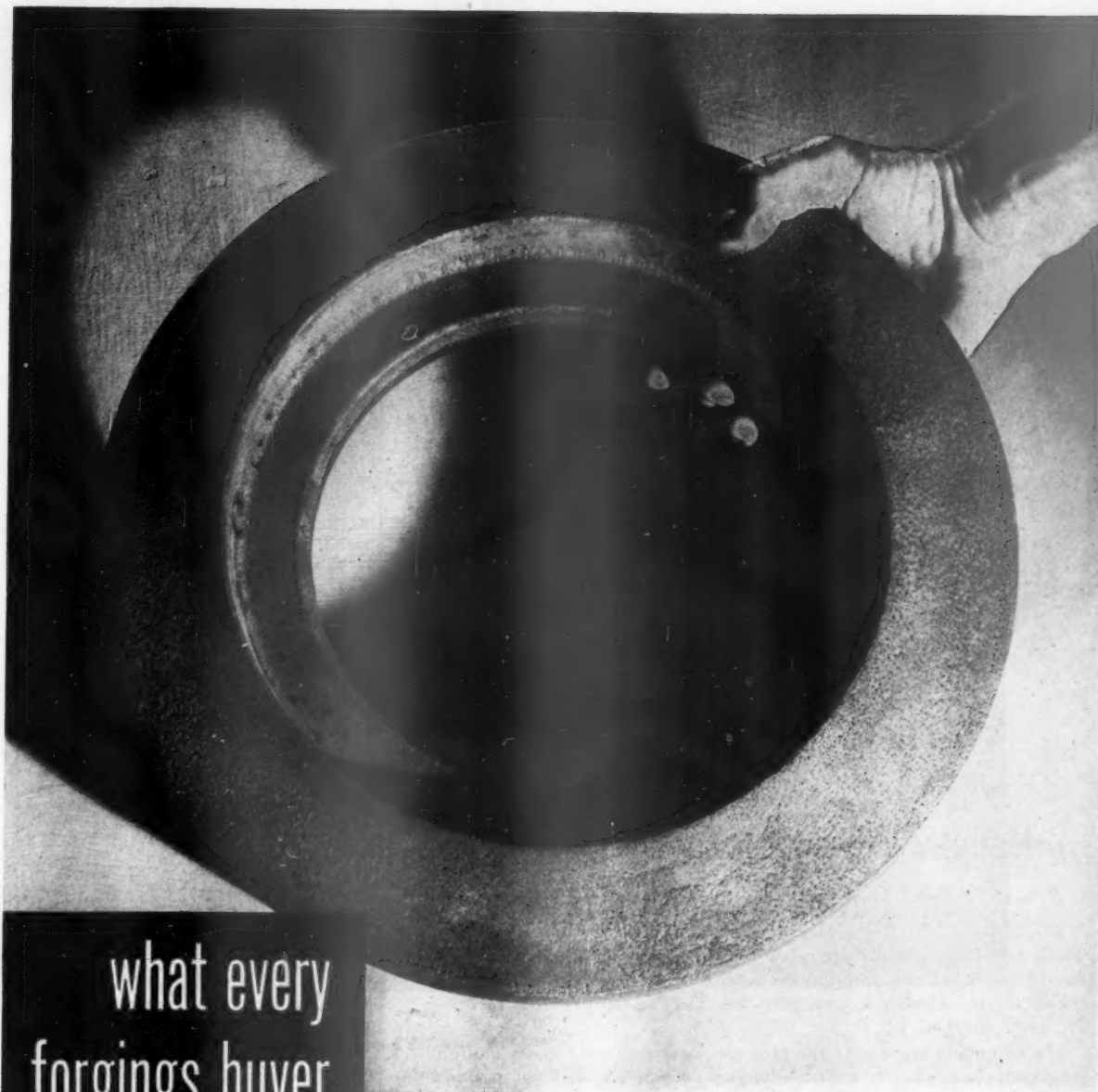
Because of the strategy (BW—Aug.17'46,p84) worked out by C.I.O., in part to give training to "green" organizers (mostly veterans), first elections involved few big tests. Consequently, results so far do not

discourage the union, and should not be interpreted to mean that its campaign has bogged down to the point where it will be abandoned as soon as earmarked funds have been used up.

• **A.F.L. Method**—A.F.L.'s campaign in the South, moving with less fanfare, has followed a sharply different technique. Instead of pressing for NLRB elections, A.F.L. organizers—with building trades, mines, and railroad union impetus—have been adding to existing locals, and forming new ones with little or no serious management opposition.

George L. Googe, southern director of A.F.L., recently reported 180,000 new members enrolled in the South this year, and admitted most of them were in the virtually closed-shop industries. Federation reports carry no breakdown of results. But recently A.F.L.'s southern teamsters said they have signed 300 new contracts since February; the hod carriers reported 15 new locals chartered; the iron moulders claimed 3,000 new members enrolled without an election; and the cement, lime, and gypsum workers' union told the recent A.F.L. convention in Chicago that it had signed 6,000 southern workers.

But for A.F.L., as well as for C.I.O., main tests still are ahead.

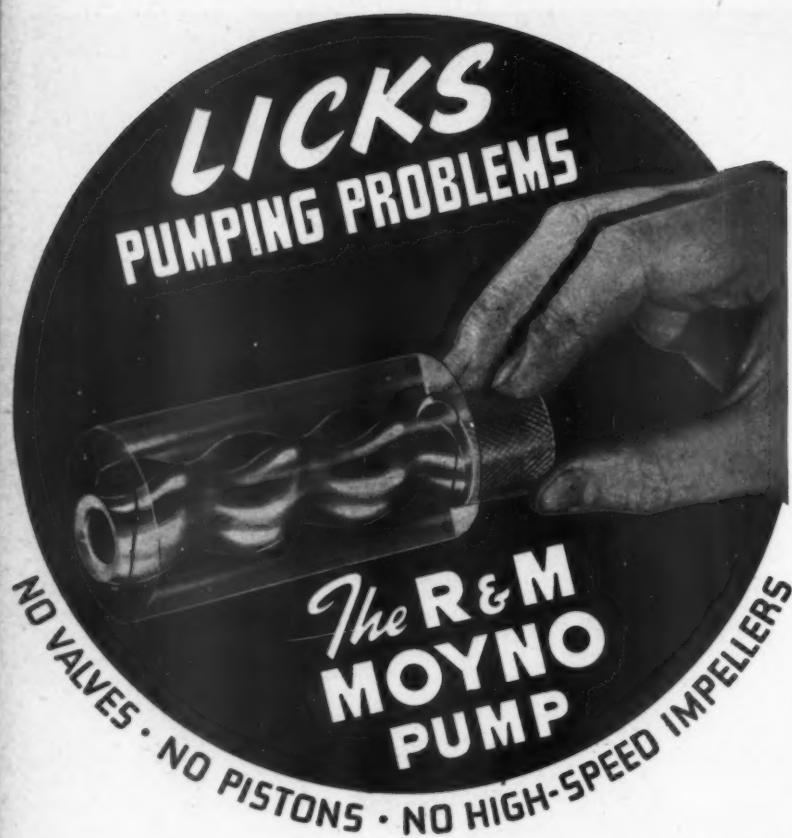


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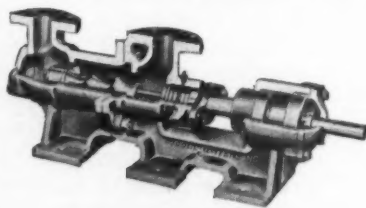
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December, 1941, and March, 1945, reached a record 3,200,000, and movements between states in the region totaled 1,600,000.

The result has been a sharp cut in the farm-work force and an increased factory-labor supply.

• **Effects of Surplus**—BLS concludes that the South will produce more workers than it has ready ability to absorb; hence there will be continued out-migration. The effect this could have on wage and working standards, and degree of unionization, in the industries of other regions is important. It is one reason why A.F.L. and C.I.O. are now engrossed in expensive campaigns to organize southern workers (BW—Aug. 24'46, p104).

Of parallel significance, BLS sees in the loss of "the potential services of many able-bodied and trained workers" a threat to the greater industrialization of the South, on which more jobs depend.

• **Wage Differential**—One of the prime causes of out-migration has been a marked differential in southern wage scales and income. This is accounted for in large measure by the long-time predominance of agriculture and the relatively large supply of labor competing for comparatively few jobs.

Other important factors include the decentralization of southern industry,



SPECIAL SERVICE

She travels on a United Air Lines Cargoliner, but when she's got to be milked she's got to be milked. And an airlines attendant with know-how rendered the service for Western Glow Butterfat Maryann, 1,400-lb. Guernsey, on her flight from Seattle to Chicago, where she netted Fredericks Brothers of Bow, Wash., \$14,600 at a sale sponsored by Curtiss Candy Co.



New York's Business Information Service is set up to supply executives with facts they need to know, without obligation!

NEW YORK STATE'S friendly attitude toward business is shown by its steadily decreasing tax rate in recent years. The state income tax rate has been cut 50%. The corporation franchise tax and the unincorporated business tax have each been cut 25%. There is no New York State retail sales tax. Unemployment insurance has been put on a merit rating basis with substantial tax savings to employers. And yet the State's fiscal condition is the best in its history!

These facts are important to any firm planning expansion in the East and to local businesses

seeking enlarged facilities. But they are just part of the story. Other parts include New York State's central location in the country's richest, most concentrated market, unparalleled transportation facilities, proximity to foreign markets, and high per capita income.

But what about the specific things you need to know such as: availability of raw materials, warehouse facilities, factory space, utilities, and labor? Here New York State's Business Information Service can help you. Tell them what you need to know and they will supply specific details as they apply to *your* business.

For full details without obligation, write M. P. Catherwood, Commissioner, New York State Department of Commerce, Room 207, 112 State Street, Albany 7, N. Y.



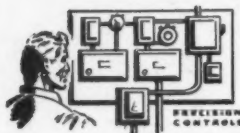
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Conveys coal from main bunker to furnace automatically. Saves labor, saves investment in costly conveying equipment.



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Iron Fireman has replaced hundreds of stokers of obsolete design, resulting in greatly increased boiler capacity.



Sectional view of the Iron Fireman Coal-Flow, which feeds direct from main bunker to furnace

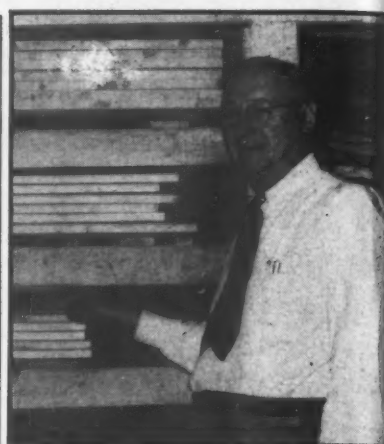
How to check your steam costs. Firing efficiency can be accurately measured. Iron Fireman will survey your plant without cost or obligation on your part. For engineering survey or literature write to Iron Fireman Manufacturing Co., 3020 W. 106th St., Cleveland 11, Ohio. Other plants in Portland, Oregon; Toronto, Canada. Sales, service and engineering organization covers the continent.

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THE BOSS GOT MAD

W. G. Shepard has won his "strike." Owner of Shepard Lumber Co., Knoxville, Tenn., he went into action after a time study expert blamed a sharp production slump on "loafing." Up went a sign stating that Shepard would close his plant unless his seven nonunion employees—making from \$35 to \$82 weekly—agreed to a 10% cut and "not to loaf on the job." They agreed. Production so increased that Shepard relented, announced he wouldn't cut wages after all.

the comparative lack of unionization, and the limited scope of protective labor legislation by the states.

• **Income Changes**—In 1929, per capita income in the South was \$371 annually, 55% of the national average; in 1940 it was \$340, or 59%; by 1945 it was \$797, or 69%. But BLS advises that it is "difficult to tell at this time to what extent the gains of the war years will be permanent."

Average wages in seven major industrial classifications (mining, construction, manufacturing, transportation and communication, wholesale and retail trade, finance, insurance and real estate, and service) climbed from \$1,016 in 1939 to \$1,798 in 1944, or 77%. The national gain was from \$1,360 to \$2,302, or 69%. Composite farm-labor wages went up 151% in the South as compared with 156% for the nation as a whole.

Significantly, the unbalanced condition of gross industrial and farm income shifted. In 1929, manufacturing wages and salaries were \$1,562,000,000 and farm income \$2,513,000,000; in 1945 the figures were \$4,635,000,000 and \$4,821,000,000.

• **Straight-Time Pay**—BLS found the same marked differences in straight-time hourly earnings, and the same tendency

No. 1 of a series showing how American Brake Shoe research and engineering are developing longer-wearing parts for industry and transportation.



American Brake Shoe's Metallurgical and Engineering Research Laboratories and Experimental Foundry at Mahwah, N. J.—dedicated to helping its customers make better, longer-lasting products.

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of a plowshare up to 15 times. Steel rolling mills that once had to replace their mill guides after handling an average of 600 billets, now average 150,000 billets for each set of mill guides. The life span of cement mill grinder rings has been increased 10 to 18 times; hammer mill parts last 7 to 10 times longer; shovel dipper teeth can now outwear ordinary sets 7 to 1.

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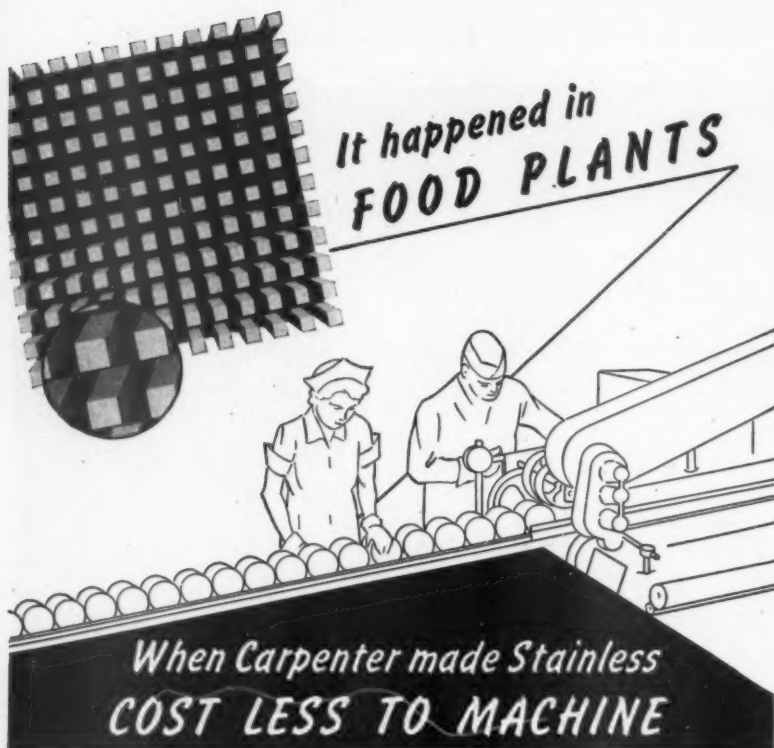
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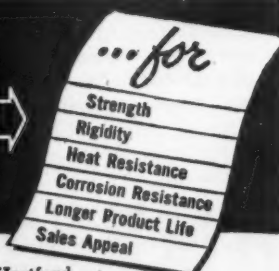
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of the southern figures to rise nearer the national average during the war years. But industry by industry, rates paid for comparable jobs were found to be less than those in other regions.

Differences usually were narrower in those industries in which the South occupies a dominant position, greater in those in which the region has only a small proportion of the total employment. Differences usually were smaller in the industries considered as low-pay nationally. The spread between unskilled and skilled rates was wider in the South than elsewhere.

• **Technological Displacement**—Government economists predict "a sharp downward pull on the southern wage level may be exerted as a result of an accelerated growth in the number of workers looking for industrial jobs." They point out that this trend may come through displacement of agricultural workers by cotton harvesting and other farm machines (BW—Aug. 10 '46, p88).

Out-migration then would carry the effects of this reduced wage level into other regions. Conceivably, the availability of a cheap labor supply could be an important impetus to further industrial plant movements into the South—such as that which established the cotton textiles industry there in the 1920's, when New England rates soared.

• **Living Costs Up**—BLS studies at least in part support union contentions that the cost of living in the South does not warrant lower wage rates. Government figures show that southern prices, including rents, rose more steeply during the war than the national average, but are still "somewhat lower" than those in the North.

After a cross-check of indices, BLS concludes "the difference is not great."

• **Outlook for Unionism**—In discussing the development of trade unionism in the South, government economists list factors which retard organization there. Included are: (1) the comparative recency of industrialization on a substantial scale; (2) the difficulty of organizing many groups of southern workers because of pressure on industrial job opportunities by "large numbers of desperately poor people" from agricultural areas; (3) company ownership of towns; and (4) the biracial character of the labor supply.

The BLS investigators also find some forces which favor union growth in the South: (1) Public opinion is changing; (2) southern working groups are becoming more mature, in the sense of gaining increased self-confidence; (3) the National Labor Relations (Wagner) Act safeguards the workers' right to organize and limits employer resistance; (4) nationally, the trade-union movement is stronger than ever before, and the war prompted union organization within the South itself.

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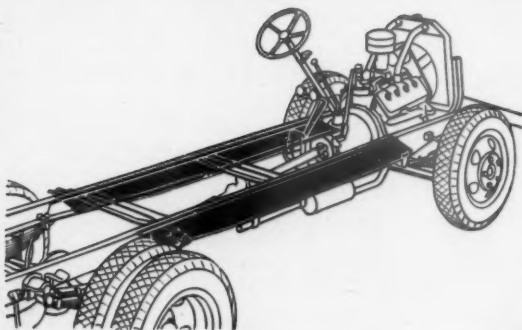
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Petroleum is everything it can be cracked up to be and when engineers "crack" it, they pressure-cook the stuff, drawing off the components at different temperatures. Of course, should any oil at—say 800° F. under enormous pressure—ever burst a pump or pipe joint, there would be a flash and someone could start plans for a new refinery. Oilmen are understandably particular about their pumps and such. Which is why Dresser-built equipment is dominant in refineries all over the world.

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No Film Peace

Arguments commence on decree in old antitrust case, but it now seems likely that both sides will appeal.

The Dept. of Justice's eight-year-old antitrust proceeding against eight motion picture producers came to a head again this week when a federal district court in New York, preparatory to issuing a decree, began hearing oral arguments on what the decree should include (BW—Jun.22'46,p19).

• **Attitude Changes**—A few months ago it looked as if the case might be cleared rather quickly, since the five biggest producers, at least, seemed ready to settle for any reasonable decision that would end the litigation.

But by this week that illusion was dispelled, for even the Big Five seemed ready to fight again. There was every indication that, whatever the court ruled, the case would be appealed by both the Justice Dept. and the eight defendants—Paramount, Loew's, RKO, Warner Bros., Twentieth Century-Fox, Columbia, Universal, and United Artists.

• **Distributors Speak Up**—Furthermore, the case had become further compli-



MAWS OF TRADE

Now an English Channel ferry, a converted LST loads a backing string of war-battered surplus trucks, consigned from London to Antwerp. The cargo serves as a reminder of the facilities of the invasion ships for vehicular loads and also of the return of traffic and trade barriers which again block the free movement of truck traffic between England and the Continent.



**"It's getting tougher all the time
to earn a dishonest dollar"**

RIGHT you are! Our downhearted desperadoes are up against two very discouraging facts: that Cyclone Fence is "tops" in protection... and that Cyclone is the world's most widely used property protection fence.

If your own plant is not protected by Cyclone Chain Link Fence, we invite your consideration. Compare Cyclone's sturdy construction and special design features. There is a difference! Note how taut and true Cyclone stays throughout its many years of service... Cyclone's trained erection crews put it there to stay.

Why not send the coupon below for your free copy of our handy reference book, "Your Fence". It gives facts and specifications on the 14 types of U-S-S Cyclone Fence available to meet your particular needs. Whether you plan to buy fence now or later, we know that you will find it helpful—and there's no obligation, of course.

CYCLONE FENCE DIVISION

(American Steel & Wire Company)
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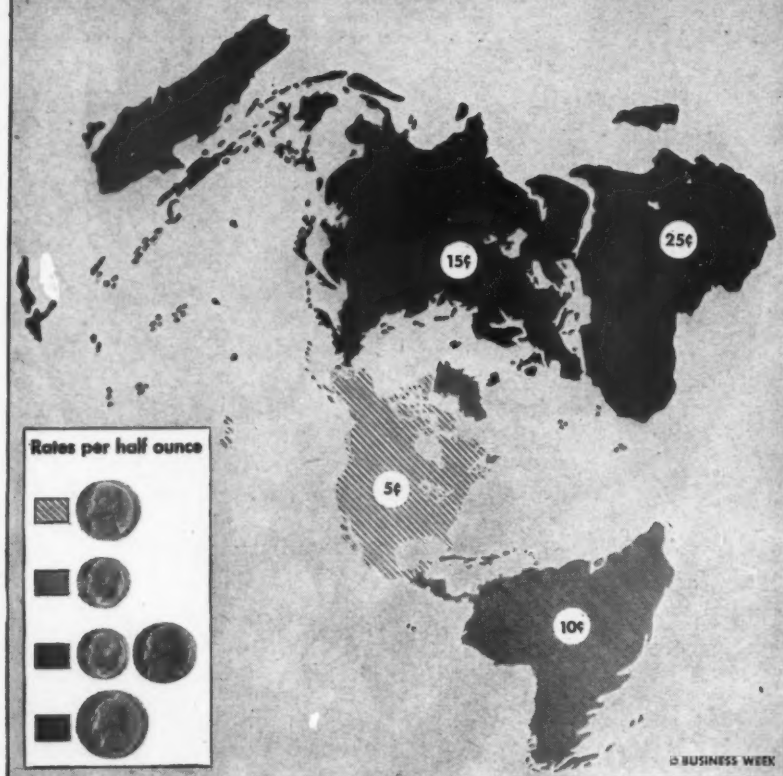
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We'll send you our free, 32-page book on fence.
It's full of facts, specifications, illustrations.
Shows 14 types of fence. Before you choose any
fence for your property, get the facts about Cyclone.

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Interested in fencing: ☐ Industrial; ☐ School; ☐ Playground;
☐ Residence. Approximately.....feet.



UNITED STATES STEEL

U. S. CUTS WORLD AIRMAIL RATES



On Nov. 1 the United States will inaugurate new foreign air-mail rates cutting the cost to distant destinations as much as 80%—for instance, from 70¢ to 15¢ to Egypt. The new move will not only simplify the rate structure from nine to four categories, but it is also expected to stimulate reciprocal air-mail rate reductions throughout the world. Old U.S. rates were often higher than the return rate, but will now be uniformly lower. Air mail to Asia cost as much as 70¢ a half ounce (it will now be 25¢) and return rates varied widely: Australia's was 40¢, Iraq's about 60¢. With the new rate to Argentina 10¢, the return tariff is about 25¢. From South Africa (now in the U.S. 15¢ zone) the rate via England is 49¢, direct to the U.S., 60¢.

cated by the intervention of distributors' organizations who have filed petitions as amici curiae. They contend that they, more than any other segment of the industry, would be affected by distribution practices which were being established by this litigation. But so far, they insist, they have had nothing to say about it.

Among the amici curiae are the American Theater Assn., Motion Picture Theater Owners of America, Conference of Independent Exhibitors, Confederacy of Southern Exhibitor Assns., and the Society of Independent Motion Picture Producers. David O. Selznick, as president of Vanguard Films, Inc., filed separately.

• **Plea From Auctioneer**—Bystanders got a hollow laugh out of another separate petition, that of Joseph P. Day,

who asked to become the industry's official auctioneer. This action hinged on the court's recommendation last June that films be licensed under a system of bidding, so that all competitors would have a chance at them—a suggestion which some segments of the industry derisively called auctioning.

Other recommendations which the court had made were that (1) producers should not be permitted to stipulate minimum admission prices; (2) the time-lag between first and subsequent runs be reduced; (3) blanket licenses covering all houses in a circuit be outlawed; (4) block booking be banned; (5) the defendants be allowed to keep their wholly owned theaters but dispose of their minority stock in others.

• **Chicago Ruling**—Some of these regulations were given the force of law by

the federal district court in Chicago last week in a ruling growing out of the Supreme Court's decision last spring, awarding, under the Sherman Antitrust Act, triple damages to the Jackson Park Theatre, a Chicago independent (BW—Mar. 24, 1946, p. 24).

The owners had sued nine major producer-distributors claiming that they couldn't get films until these companies had skimmed off the cream of attendance in their own houses. The court issued an injunction ordering the defendants to discontinue block booking, not to play a picture in the Loop more than two weeks unless they released a copy to other theaters, discontinue their three weeks' "clearance" between Loop and neighborhood showings, and stop fixing minimum admission prices for certain films.

• **Moral Support?**—The Chicago decision is local, however, and has little bearing (except as moral support, perhaps) on the New York antitrust action which, when settled, is expected to be considerably more far-reaching.

STATE OIL SUIT DROPPED

Litigation begun last summer by the Indiana Conservation Commission to recover royalties on state-owned oil deposits centering around Mink Island in the Wabash River (BW—Aug. 17, 1946, p. 24) has been dismissed. Defendants Clayton A. Lynch & Associates, Evansville—prompted by bids for a half-interest in their island properties from Producers Pipeline Co. of Texas and Oklahoma—have signed a new contract with the State of Indiana under which they agreed to drill seven wells in the riverbed by Dec. 1.

The state had contended that private leaseholders had neglected drilling in the state-controlled area between the island and the shoreline, causing a loss in royalties to the state. It also asserted that "at least 50%" of oil drawn from Mink Island wells, some with an alleged production of 700-1,000 bbl. daily, actually came from formations in the state's domain.

Two wells drilled on state riverbed land last summer, after the suit was filed, are producing about 700 bbl. a day. A third well is being drilled now, and tests for a fourth were started last week.

The state's royalties from contracts with Lynch and other operators in the Wabash area are expected to exceed \$10,000 a month.

Attorneys for the state estimated that between \$2,000,000 and \$3,000,000 had been lost to Indiana over the last several years through failure of private operators to drill on state riverbed land for which they held drilling permits and through indirect tapping of the state-owned pool.

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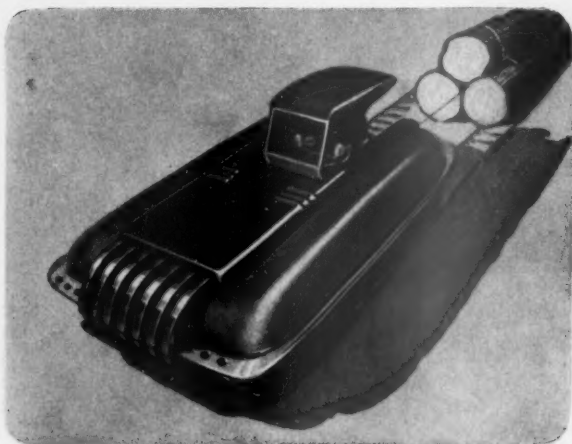
Famous natural "life lines"



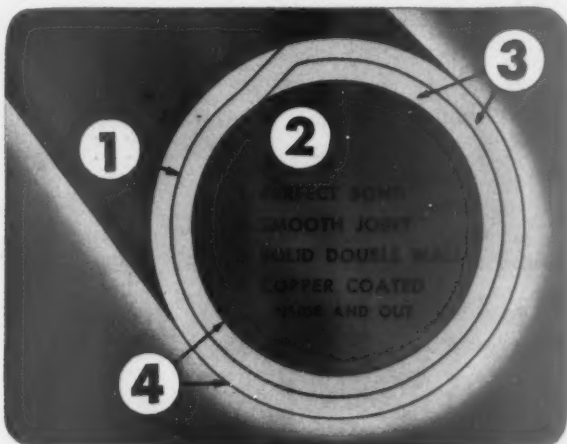
1. THOUSANDS OF LIVES have been saved by Manila hemp —Nature's strongest hard rope fiber. A Manila rope no thicker than your finger supports more than a ton. The secret of Manila's strength is the tubular structure of the hemp fiber, which carries food for the growing stalk.



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3. TRACTORS, trucks, home freezers and locomotives all owe improved efficiency to Bundyweld. It carries oil, fuel, vacuums and hydraulic fluids in motor cars, refrigerants in cooling units, gas in modern ranges. Everywhere, unique production methods give Bundyweld marked superiority.



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IN TOOTHBRUSHES TOO!

—the great majority sold are bristled with nylon. Long-lasting nylon bristles are preferred also in household and industrial brushes. In paint-brushes, they outlast hog bristles 3 to 5 times . . . paint smoothly, too.

The most beautiful brushes that people can buy today are also the most long-lasting. And they're buying *more* brushes . . . sales are 'way up.

Larger and larger percentages of the nation's hairbrushes are being bristled with Du Pont nylon . . . many of these with backs and handles of lustrous Du Pont "Lucite" acrylic resin. Nylon bristles are water-resistant . . . their resilience *lasts*. "Lucite" is sparkling and transparent—an ornament on any dressing table. Together, these Du Pont plastics have brought a vigorous new sales stimulus to this important industry.

"Lucite," nylon, and others of the Du Pont plastics are showing manufacturers in many fields the way to make old products more salable . . . or to bring out new products they have

planned. You are far better equipped to improve *your* product, if you know the Du Pont plastics—all of them. Write for literature. E. I. du Pont de Nemours & Co. (Inc.), Plastics Dept., Room 6010, Arlington, N. J.

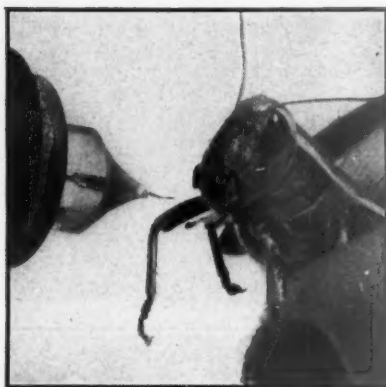


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OPEN WIDE

In a "like-the-house-that-Jack-built" sequence, General Electric has developed a tiny thermocouple to take the temperature of grasshoppers to determine their habits to enable farmers to spread poison effectively. Striving to rid wheatfields of the pests, Montana State College entomologists are working on the theory that the insects like certain temperatures. They hope, if such facts are established, to be able to tell farmers where and when to distribute the poison for best results.



HAWAII TAKES WING

Serving an area with a total population of only 500,000 persons, Hawaiian Airlines this year expects to carry 250,000 passengers on its various routes over the Hawaiian archipelago.

The airline carries more passengers and charges lower fares than do the interisland ships owned by its parent company, Inter-Island Steam Navigation Co. Fares range from \$5 for the 57-mi., 25-minute hop between Honolulu and Molokai, to \$13.50 for the 242-mi., 75-minute flight between Honolulu and Hilo.

The line's record for passengers hauled in a single day was 1,153 on Sept. 2.



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**Proper Classroom Air Conditions
are Vastly More Important
to the School Child**

American boys and girls spend the major part of each day, five days each week, nine or ten months each year, in classrooms. That's why Architects, School Authorities and Scientists agree that nothing is more important to the health of the school child than proper classroom air conditions.

In thousands of the finest schools all over America, Herman Nelson Unit Ventilators have proved in actual usage that they provide proper classroom air conditions. Not only that... installation of these units permits maximum fuel economy.

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in Cleveland
next week...



Whether or not you'll be among the 15,000 who will visit the "All-Industry Air Conditioning and Refrigerating Exhibit" in Cleveland October 29–November 1... you're going to hear about the Santocel exhibit there.

This unique chemical insulation, Santocel... "the world's most efficient insulating material"... will demonstrate for the first time in actual models built by progressive, sales-minded manufacturers—how it increases refrigerator and freezer capacities as much as 40-100%, how it cuts thicknesses of insulation walls and doors in half without affecting efficiency, and how this reduction in both weight and bulk creates new designs, new opportunities in home, farm, and commercial "cold" units... and in air, truck, sea and rail transportation.

If you're not going to see this revolutionary demonstration... do the next best thing and send for complete data, the answer to your particular questions, or samples of this amazing new kind of insulating material. Simply write: MONSANTO CHEMICAL COMPANY, Merrimac Division, Boston 49, Massachusetts.

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MONSANTO
CHEMICALS
SERVING INDUSTRY... WHICH SERVES MANKIND

UTILITIES

Bell System—It's Still Busy

With phone installations 80% greater than ever before, American T.&T. finds demand and volume so great it can't catch up. But it plans to spend \$2 billion trying.

Early in 1946, the men who plan the operations for American Telephone & Telegraph Co. estimated that in the current year associated companies would show a net gain of something over 1,000,000 phones in service.

By the end of the third quarter of 1946, the net gain had reached 2,536,000 phones—and the companies' backlog of applications on file still was almost as large as at the start of the year (chart, page 48).

Thus an unprecedented phone service installation rate (the net gain in nine months was 80% greater than in the previous record for a full year, set in 1941) had been all but offset by an equally unprecedented demand for service. The Bell System, like the Red Queen, was convinced that "it takes all the running you can do, to keep in the same place."

• **Volume Way Up**—But demand for phones is only half the story. For it has been paralleled by a momentous expansion in the volume of calls being made. During September, the Bell System handled a record 144,000,000 calls, local and toll, per day, 24% more calls than the average for September, 1945.

The increased number of phones in service accounted for 14 points of that 24% gain; the rest was represented by a rise in the number of calls per phone.

Toll calls alone numbered 1,191,221,000 in the first eight months of 1946—167,000,000 more than were made in the full year of 1941. Currently, the Bell System is handling an average of 5.8 calls daily for every phone that is in service. At the end of 1945 this call rate was 5.35.

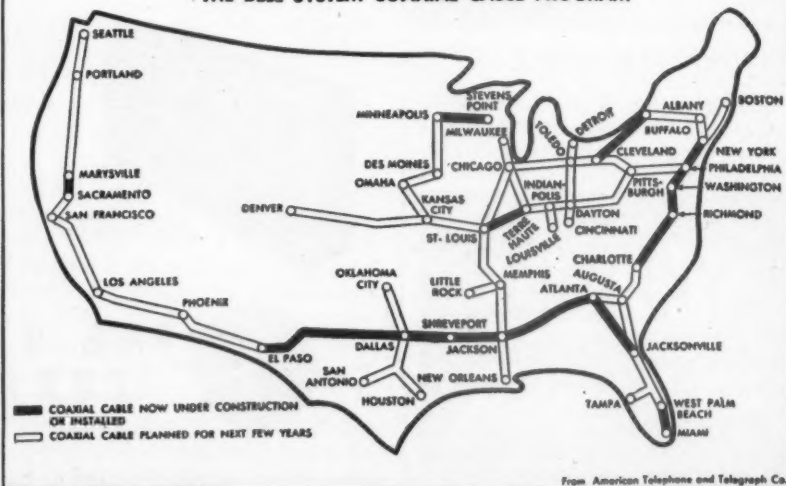
• **New Plateau**—With 25,725,000 phones now in service, and with the net gain for the year now estimated at 3,500,000, Bell System planners have about decided that they have emerged on a new plateau as far as the market for phone service is concerned.

Logical explanation for this seems to be that phone service, costs for which are little changed from prewar levels, is now within the means of a whole new stratum of population. A telephone, in the light of increased costs for most commodities and services, and in relation to wage and salary levels, is a much better "buy" than ever before.

Welcome as this expansion in the Bell System's market—and earnings prospects—may be, it has complicated the problem of catching up with the backlog of orders that accumulated during the war years.

• **Equipment Problem**—First task, of course, was to produce the equipment needed. Western Electric Co., manufacturing branch of the Bell System,

THE BELL SYSTEM COAXIAL CABLE PROGRAM



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Shaping Industrial Prosperity through

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Compiled by Evan Just, Editor Engineering and Mining Journal. It includes:

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2. Conservation through efficiency and maximum use.
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4. Modernization of protection for domestic industry.
5. Stockpiles for security and as economic cushions.
6. Enlightened participation in mineral cartel activities.
7. Improved government service to American operations abroad.
8. A public-land policy that fosters development.

Received FIRST AWARD for Editorial Achievement for best single article or editorial during year ended July 31, 1945.

ROCK DRILLS •

CENTRIFUGAL PUMPS •

A general condition of industrial and commercial activity in which goods and money are comparatively plentiful—that is a definition of PROSPERITY.

The metals available to build goods and wealth, *while in the ground*, represent only the potentials of PROSPERITY.

The first value is added when excavation starts. A further value accrues in refining. Step by step, values are introduced through fabricating, assembling, finishing, shipping, selling... resulting in wide distribution of industrial and commercial employment.

Thus mining and processing with Ingersoll-Rand equipment initiate the spiral... the prelude to PROSPERITY.

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How to Relax Under Pressure

Completely relaxed and at ease, isn't he? Yet he's actually topping off an exceptionally heavy day's work!

How does he do it? The answer is simple: Dictaphone Electronic Dictation.

In an easy, conversational voice he speaks notes, memos, reports and correspondence to the convenient, light-weight Dictaphone microphone. It filters out all busy-office noise, but faithfully records even a whisper!

And while he dictates, his secretary is free to protect him from unnecessary interruptions and handle other important work for him.

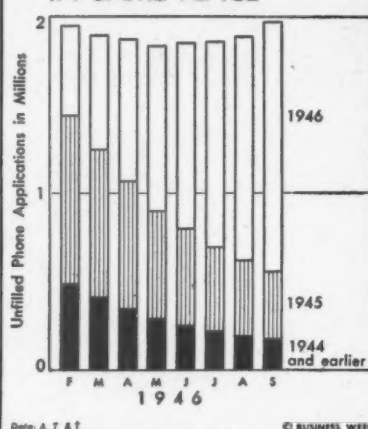
Discover for yourself how Dictaphone Electronic Dictation *doubles your ability to get things done*. Your local Dictaphone representative will gladly show you models for cabinet, stand or desk top use . . . with hand or desk microphone. Consult the phone book, or write for information.



DICTAPHONE *Electronic Dictation*

The word Dictaphone is the registered trade-mark of Dictaphone Corporation, makers of Electronic and Acoustic dictating machines and other sound recording and reproducing equipment bearing said trade-mark.

RUNNING TO STAY IN SAME PLACE



To gage its progress in cutting down the backlog of unfilled phone orders, A. T. & T. early this year began segregating them by age. The chart (above) shows substantial reduction in older applications for lines, but a terrific influx of 1946 applications.

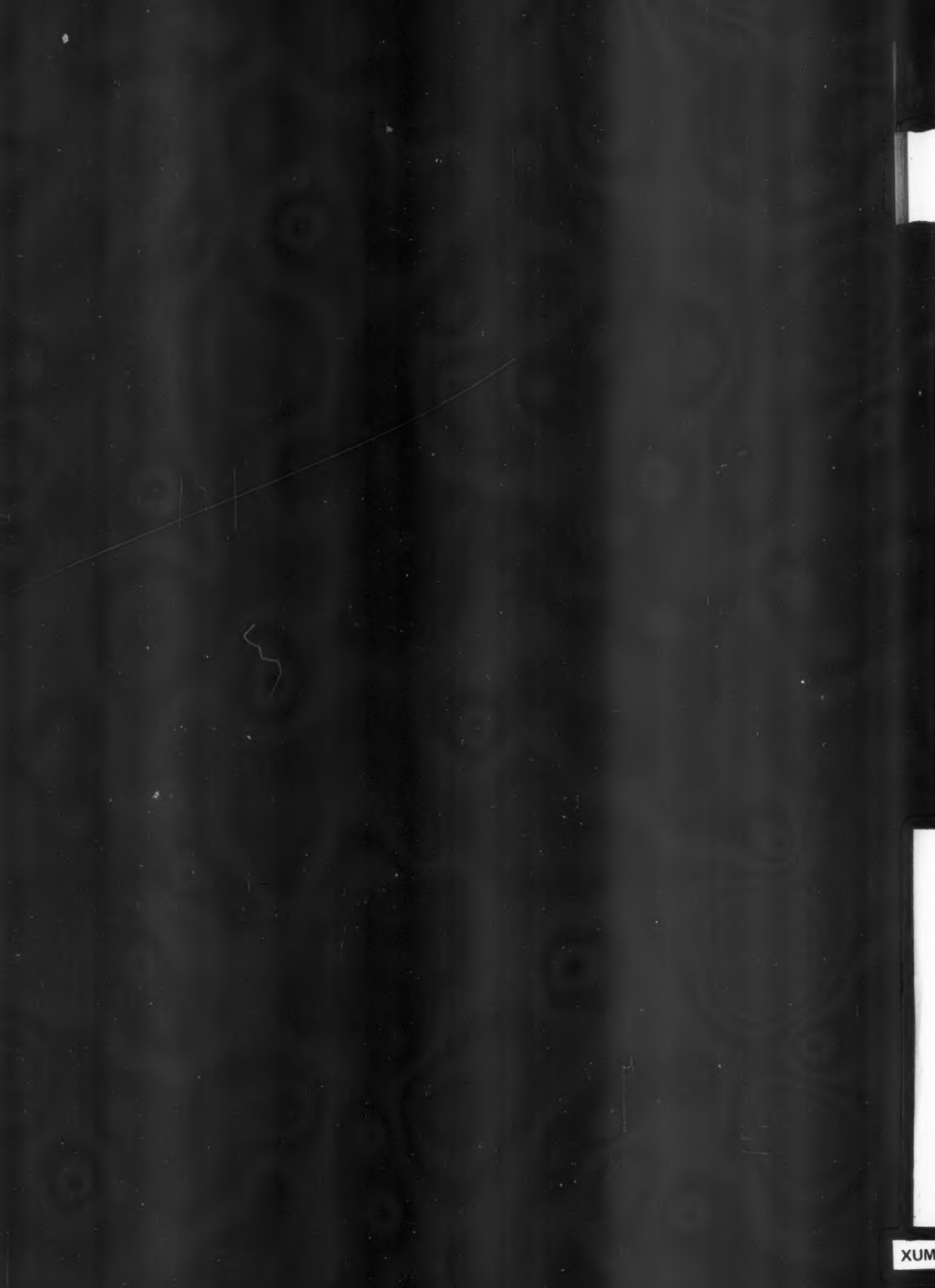
this year will turn out dial equipment for 1,400,000 million lines, 3,700 switchboard positions for manual central offices, 4,100,000 phone sets, 32,000,000,000 ft. of exchange cable, 6,500 mi. of toll cable, including 90,000,000 ft. of coaxial cable tubing, 5,800 teletype machines, and nearly 5,000 phone booths.

Also as purchasing agent for the Bell System, it will provide this year 1,065,000 poles, 1,500,000 crossarms, 27,000,000 duct feet of clay conduit, and 83,000,000 lb. of directory paper.


• **More Employees**—Second requirement was for more employees to produce the equipment, install it, handle the increased number of calls, do the added clerical work.

At the end of 1945, the Bell System had 475,000 employees. Today the number is more than 600,000, and by the end of the year it will reach 625,000 to 650,000. Operators alone now number 245,000, a net gain of 50,000 in the past nine months. Partly because of this rise, partly because of higher wage rates, August payroll of the system was \$140,000,000, 37% greater than a year earlier.

• **Network Expands**—This year the Bell System will connect some 6,200,000 phones (difference between this and the 3,500,000 net gain represents disconnects), add 1,500,000 mi. of circuits to its toll network which amounted to 12,500,000 mi. at the start of 1946, add 6,000 toll circuits to the 60,000 already in operation. In the first nine months some \$450,000,000 in new



Take a look at what can't be seen



Margo Black, J & H Associate
Plant No. 4

Even a flat wheel on a streamliner isn't as bad as an odd-sized ball in a ball bearing. That ball wears too fast, increases friction, leads to break-downs and needless cost. But no one could see or measure rapidly the fraction of an inch that would make that costly difference. So Jack & Heintz found a way. They developed an electronic ball sorter that separates balls automatically into 10 groups, the diameter of each group graded to an accuracy of *ten millionths of an inch* . . . and it does this *8 times as fast* as conventional equipment.

That's why Jack & Heintz ball bearings will last longer, hold friction at the minimum, reduce cost, keep shafts turning longer. These are all typical results of the Jack & Heintz *Mass Precision* technique that is being applied today not only to ball bearings but also to electric motors, compressors, aircraft accessories, electronic gauges and Eisemann magnetos. And tomorrow this same Jack & Heintz *Mass Precision* will bring other important developments that will make equally startling savings in industry and homes.

JACK & HEINTZ PRECISION INDUSTRIES, INC.

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CHAIN for every need!

Cupid knows he can depend on Campbell chain! Your chain needs may never include porch swing chain, but this is only one of the many types of chain made by International. We make chain for every need: industrial, marine, farm, automotive. Our manufacturing and service facilities are complete in every detail.

INTERNATIONAL CHAIN & MFG. CO.
YORK PENNA.

The
CAMPBELL
Line

plant and equipment has been added to the \$5,700,000,000 system.

Beyond this, its engineers are resorting to all sorts of expedients to make available equipment to handle extra loads. Central offices, which normally have about 5% to 10% of their terminals held in reserve for emergencies, service requirements, and the like, have been deliberately overloaded to within 1% to 2% of absolute capacity. Manual switchboards have been tied into dial central offices in ingenious fashion, with operators substituting for automatic equipment in plugging in to dial terminals (the task that must be performed before the caller hears the dial tone).

Cable pairs (the set of wires that connects a subscriber to the central office) have been shifted about like checkers to open up additional circuits; more party line service has been provided on equipment not designed for that purpose by rearranging circuits to use the same central office terminals two or more times.

• **Job to Do Again**—All these expedients have been adopted perforce at the expense of quality of service. Later, when required equipment and facilities are available, it will be necessary to do the job over again—and do it right. Likewise, substitute materials whose service life is dubious will have to be replaced. (Plastic-sheathed cable, for example, has been used to some extent in place of lead-sheathed cable because of the extreme shortage of lead.)

• **Planning Resumed**—The Bell System long has prided itself on its ability to anticipate telephone needs years in advance, to have the extensive and expensive facilities ready for customers' immediate use when the demand developed. The war disrupted that.

But even while it has been working to catch up with demand, the system has been proceeding once more with longer range planning. Mostly this planning is integrated with the more immediate requirements of the associated companies.

Thus, the four-year program for installation of coaxial cable, increased only last week from the original 6,000 mi. (BW-Mar.11'44,p91) to 12,000 mi. (map, page 46), permits use of segments of the coaxial to help relieve the load on toll circuits.

• **New Fields to Conquer**—Again, carrying out its announced policy of installing a million phones in rural areas in the next three to five years, Bell is turning to electric power line carriers (box, page 51).

Another field in which it is making substantial progress is that of mobile radio phones (BW-Jul.7'45,p63). Such service for urban areas is now available in eight cities: St. Louis, Cincinnati, Detroit, Philadelphia, Chicago, Cleve-

Powerful Conversation

Use of electric power lines for simultaneous transmission of rural telephone conversations passed from the experimental to the practical stage this week with announcement that engineering work has been completed and delivery of equipment begun for seven commercial projects in six states.

- These will be the first installations where "power-line carrier" is employed to bring phone service to rural areas beyond the reach of existing phone lines. Experiments in Arkansas and Alabama (BW-Dec.22'45,p52) utilized existing telephone subscribers who were temporarily switched over to the new system.

Central offices through which the seven groups of rural subscribers will be served are at Manakin, Va.; Nashville, N. C.; Aiken, S. C.; Italy and Lamesa, Tex.; Oak Creek, Colo.; and Cle Elum, Wash.

- Five Bell telephone companies, two independent phone companies, four rural power systems financed by Rural Electrification Administration, and three private power companies are parties to the installations.

land, Washington, and Newark. San Francisco will be added to this list soon, while the Federal Communications Commission has granted an operating license for Atlanta. Applications have been filed for service in eight other cities. Mobile service for highways is available at Green Bay, Wis., while highway systems between Chicago and St. Louis and between Boston and New York may be in operation by the year's end.

Still to come are the conversion of more manual telephone services to dial, operator dialing of long distance calls (and expansion of customer dialing of short toll calls in metropolitan areas), and extension of teletypewriter service.

- **Spending Program**—Within the next three to five years, perhaps longer, the Bell System is expected to lay out some \$2,000,000,000 to expand facilities and improve service. One step in that direction is the current plan to market a record \$351,000,000 in debentures (page 76).

Those years should see the installation of 12,000,000 more phones, 40,000,000 mi. of wire in exchange cable, 20,000 mi. of toll cable, facilities for 12,000,000 more dial phones, and equipment to enable operators to dial 400,000,000 toll calls a year.

BETTER SELF-SERVICE...than Shelf-Service



A nation-wide sales test revealed that when merchandise was taken from shelves and made available in displays so that customers could help themselves, sales showed an average increase of over 150%!



SELLS SHOPPERS AND DEALERS

Get ready now for the day when these modern corrugated packages will again be available. Colorful displays like this literally shout: "Here It Is!" "Help Yourself!" These customer-winning H & D shipping-display boxes (1) have been created by sales-conscious Package Engineers, (2) embody the latest in modern design, (3) make the most of rich color printing, (4) are easy to set up, and (5) provide safe transportation. Write for your copy of "Pack To Attract," a booklet showing how 23 sales-minded manufacturers put extra sales appeal into their shipping boxes. Write The Hinde & Dauch Paper Company, Executive Offices, 4606 Decatur Street, Sandusky, Ohio.

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FACTORIES IN: Baltimore • Boston • Buffalo • Chicago • Cleveland • Detroit • Gloucester, N. J. • Hoboken • Kansas City • Lenoir, N. C. • Montreal • Richmond • St. Louis • Sandusky, Ohio • Toronto



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Kork-N-Seal is the "cap-tain" of all closures . . . seals tightly and easily . . . works fast on the production line. Oily products that tend to creep . . . products that tend to gum on the pouring lip . . . products that harden or freeze between cap and container . . . Kork-N-Seal handles them all.

The secret is the handy wire lever lock and "noose" of specially made spring wire that draws the cap down and holds it securely. We are highly pleased that Keystone wire plays an important part in the distinctive design of this famous closure.

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Division of Crown Cork & Seal Company*

SPECIAL ANALYSIS WIRE
for all industrial purposes



KEYSTONE STEEL & WIRE COMPANY
PEORIA 7, ILLINOIS

Panhandle Scores

State court rules pipeline company may sell natural gas to Ford. Decision heightens feud with Michigan Consolidated.

A Michigan state court has ruled that Panhandle Eastern Pipeline Co. may sell natural gas directly to the Ford Motor Co. (BW—Mar.30'46,p18), despite the objections of the state's Public Service Commission, prompted by the Michigan Consolidated Gas Co.

Panhandle's efforts to get into direct business in Michigan have put the company into lengthy, bitter, and outspoken argument with its best customer, the gas company. Court actions and advertising campaigns have been the weapons on both sides.

• **Frame for Conflict**—The prize Panhandle is seeking to wrest from Consolidated is a share of the tremendous volume of actual and potential gas business in Detroit, which Consolidated now holds exclusively.

Naturally, Consolidated wants to maintain its present position. It hopes to meet enlarging gas requirements of the metropolis by getting permission from the Federal Power Commission to build a new pipeline, to be owned and operated by an affiliated company, Michigan-Wisconsin Pipeline Co. (BW—Jan.26'46,p41).

This project probably would ultimately cut the number of cubic feet of gas Panhandle pipes to Consolidated. Panhandle has countered with offers to Michigan Consolidated to increase available gas, and with efforts to absorb part of the Detroit market by contracting to furnish large industrial users with bulk quantities of gas.

• **Complication**—The proposed direct sales have drawn the Michigan Public Service Commission into the free-for-all. The commission appears to be impressed by Consolidated's point that if it loses bulk industrial outlets, it might have to raise rates to residential customers. The commission had expected to be able to control this possibility with its permit power.

But last week's court decision ruled that Panhandle's contract with Ford was interstate business, outside the Michigan body's jurisdiction. The commission is preparing an appeal.

• **Testimony**—Meanwhile, the gas company and the pipeline company are continuing their feud. The gas company sprang a surprise in recent Washington hearings before the FPC when it revealed existence of a unit for producing gas from liquid petroleum. Consolidated officials declared that this and other facilities would enable them to meet

anticipated peak demands this winter, but not with enough margin to provide gas heating for several thousand new homes.

Panhandle people have made much of the gas company's inability to take on new space-heating customers. Their advertisements and public statements have dwelt on their numerous offers to Consolidated to increase the supply of gas.

Consolidated men retort that the offers do not cover top-grade natural gas and were not made until their plans for a new pipeline compelled Panhandle to act.

• **Third Parties**—Consolidated's proposed pipeline is meeting opposition in Wisconsin (BW—Oct. 5 '46, p. 22), where it might have outlets, as well as in Michigan. Wisconsin labor unions fear their gas workers would lose jobs if a switch-over was made from manufactured to natural gas.

Also interested in the outcome of the lengthy FPC hearings—which now cover some 8,000 pages of testimony—are



FAMILY MATTER

It was Harriman to Harriman last week at Union Pacific R.R. Co., as the board elected one brother, E. Roland (above), to the post of company chairman to succeed another—W. Averell, recently named U. S. Secretary of Commerce. Associated with the prominent Wall Street investment house of Brown Brothers, Harriman since 1922, the new chairman has been director of Union Pacific—long a "Harriman" road—since 1920, and a member of the executive committee since May, 1941.



Sammy the stamp snitch,

hates to buy, likes to borrow his stamps.

A Postage Meter is bad news for Sammy, good news for girls who handle office mail—and bosses who pay the postage bills! Because a Postage Meter does away with adhesive stamps... *prints* postage as needed, directly on the envelope... seals the flap at the same time... far faster than you can stick on stamps by hand!... Prints dated postmark, which helps your metered mail move faster in the postoffice; prints your advertisement on the envelope too, if you like... Postage always protected, automatically counted... So convenient, time saving, useful, even a small office can afford a Pitney-Bowes Postage Meter! Call the nearest Pitney-Bowes office, or write for an illustrated booklet.



PITNEY-BOWES Postage Meter

PITNEY-BOWES, INC., 1407 Pacific St., Stamford, Conn.
Originators of Metered Mail. Largest makers of postage meters
Offices in 59 principal cities of the United States and Canada



TOP-LEVEL BUSINESS RECORDS NEED WESTON-QUALITY PAPER



The protection and preservation of key business records is a matter of vital importance at every level of a business organization. Indispensable records of property, productivity and progress—records of long-term value and importance—should be placed on strong, durable cotton fibre paper as a matter of company policy.

Actually, the extra efficiency and added security of using high grade Weston Paper for all im-

portant records, correspondence and forms add little to the total cost of record keeping. And the matter of insuring records against unexpected future value or possible hard use is settled once and for all.

Make it a company practice to see that your suppliers furnish a Weston cotton fibre Permanent Record, Ledger, Index, Bond or Machine Accounting Paper for every record keeping or correspondence use.

BYRON WESTON COMPANY, DALTON, MASSACHUSETTS

Keep records worth keeping
on **WESTON Paper**

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Makers of Papers
for Business Records



eastern banking interests. Some of the evidence before FPC has involved various offers by bankers to the two sides to raise nearly \$100,000,000 to build the new facilities, including pipelines, storage wells, and other requirements.

CO-OP PLAN BLOCKED

An attempt by a Wisconsin cooperative to take over a sizable private utility, entirely with funds borrowed from the federal government, has been blocked by the state's Public Service Commission. It recently ruled two to one against Badger Electric Cooperative's proposal to buy Wisconsin Hydro Electric Co. The commission followed the recommendation of one of its examiners who reported last summer that the proposal involved unsound financing.

The cooperative has assets of only \$4,000. It bid \$3,499,000 for Wisconsin Hydro, planned to borrow \$3,649,000 from the Rural Electrification Administration to finance the purchase. In addition to objecting to this 100% financing, the commission said that the offered price is about \$500,000 too high, that the proposal was not in the public interest.

In answer to the co-op's contention that, since REA would be the only investor involved, Wisconsin's law to protect utility security holders was not a point at issue in this case, the commission said that the cooperative ignored the fact that "the risk of federal funds contributed by the taxpayers of the nation is involved." Even the dissenting commissioner commented that the 100% financing meant "remote control from Washington."

Wisconsin Hydro, one of the ten largest utilities in the state, serves nine counties with electricity and also has three gas plants.

POWER UNIT SETTLEMENT

During the war military authorities commandeered a 20,000-kw. floating power unit, the Jacona, owned by the Public Service Co of New Hampshire. Later the company filed a \$4,100,000 claim against the government.

Aiming primarily to wipe out this claim, the War Assets Administration this week announced that it was turning over to P.S.C. the Resistance, one of the four 30,000-kw. floating power units built for war service (BW-Apr. 7'45,p36). It was agreed that the Maritime Commission would pay the company \$1,625,000 in settlement of the Jacona claim. This sum, plus \$950,000, would be paid to WAA for the Resistance.

Four foreign countries and seven U. S. utility systems had submitted bids for the power unit.



A Lady never tells her age~

Old Ironsides, the original Fighting Lady, looks fit and trim as she did 100 years ago, thanks to air conditioning by Carrier. Controlled temperature and humidity check decay in the famous old frigate *Constitution*. This unique achievement was a challenge, the kind Carrier takes in its stride. For Carrier *created* air conditioning. And its installations are world-famous. They supplied air conditioning and refrigeration for the *Queen Mary* and other giant liners. They installed the modern air conditioning in Washington's huge Hotel Statler, and scores of other famous buildings.

They air conditioned leading textile mills, and refrigerated vast food-freezing plants. In 40 years they've made Carrier first in air conditioning and refrigeration. Now all Carrier's experience and skill are making new products for *you*. They bring you finer Room Air Conditioners, convenient, dependable Food Freezers, and economical Store Weathermakers. They bring extra convenience and comfort to your home and office, and to retail shops. Get details from your Carrier dealer. You'll find him in your telephone book. Carrier Corporation, Syracuse, New York.

Carrier

AIR CONDITIONING • REFRIGERATION

PRODUCTION

Where Are the Plastics?

Demand for molding materials, now almost three times supply, is growing fast. Industry plans facilities expansion to cost about \$150,000,000, but lack of raw chemicals is a limiting factor.

"Where's the steel? where's the copper? where can we get aluminum?" To these plaintive cries, industry has now added a new question: "Where are the promised plastics?"

Plastic molding materials today are exceedingly short. Demand is running close to three times the available supply, despite the fact that the rate of production of molding plastics is estimated to be 40% greater than in 1945, and more than double the prewar 1941 rate (chart below). Some reasons for the shortage, and the outlook for the future, were presented last week by the Plastics Materials Manufacturers Assn. in a report to the Society of the Plastics Industry.

• **Poser**—With nearly every manufacturing industry using plastics of one kind or another, it is difficult to state where the worst shortages lie. The phenolics, ureas, and malamines (members of the thermosetting class, which cures under heat and pressure and cannot be re-softened) are in great demand for electrical applications, machinery parts, housings, and similar uses where heat resistance, strength, electrical, or other characteristics peculiar to the thermosetting materials are important.

The thermoplastic materials (which form to finished shape under heat and pressure, harden on cooling, re-soften under heat) are in great demand for automobile hardware, consumer gadgets, radio housings, and the like. Typical materials in this class are the cellulose acetates, the butyrates, the vinyls, polystyrene, and the transparent acrylics.

• **Backfire**—Raw materials shortages, according to P.M.M.A., are the biggest factor curtailing deliveries of molding powders.

Paradoxically, the widely quoted promotional statement that "plastics are made from basic raw materials—coal, limestone, and petroleum—the supply of which is almost unlimited" has backfired on the industry, because the statement is an oversimplification. Plastics are made from chemicals made from these abundant raw materials. The chemicals are not abundant. In fact the plastics industry is in competition with other industries for the same chemicals.

Industry-wide demand for raw chem-

icals has now reached the point where no expansion of molding materials capacity can be undertaken before an adequate raw chemical supply is assured. In many cases, the plastics manufacturer must provide his own plant facilities to supply the needed basic chemicals. If he does not, he must bid in the open market against numerous other industries demanding raw chemicals.

• **Strikes Play a Part**—Shortages of raw chemicals stem from strikes and curtailed production in the coal, steel, and chemical industries. For example, phenol—vitally important to the thermosetting plastics—is now in exceedingly short supply. Production in July was only 13,000,000 lb., a decline of more than 25% from June's 18,000,000 lb. No relief is in sight for six months to a year.

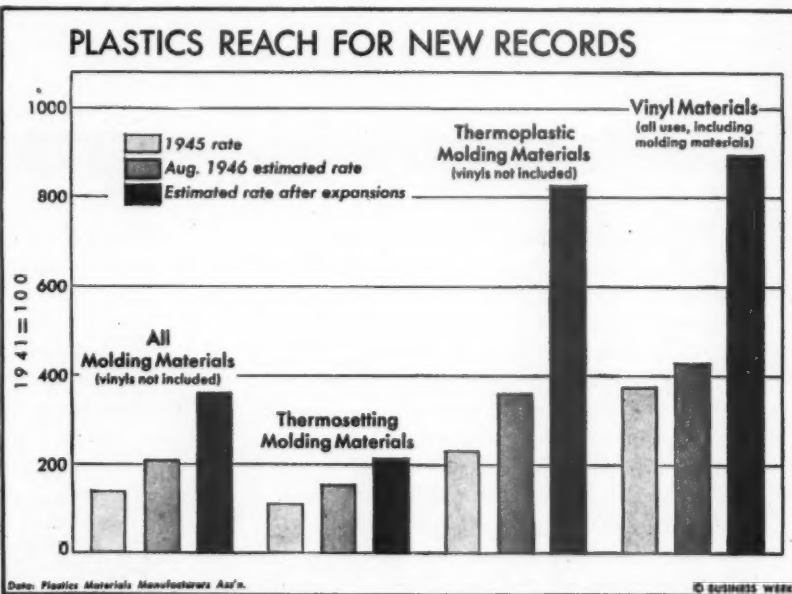
Coal tar derivatives (benzol, cresols, cresylic acids) are suffering from pricing difficulties, and production is running behind last year's figures. The same is

true of phthalic anhydride. Some benzol is obtained as a byproduct of coke-oven operation, which has been held down by lowered steel output. Alcohol, formaldehyde, and urea are short. Glycerin supply shows no sign of easing before the end of 1947, because of the international fat shortage and the absence of normally large copra supplies from the South Pacific.

A wide variety of chemicals, needed for the plasticizers which impart flow characteristics to molding materials, is in tight supply. Other materials supplied by the chemical industry, such as purified cotton linters, pigments, and lubricants, are none too plentiful at present.

• **Expansion Plans**—Late last year plastic materials manufacturers, foreseeing greatly increased demand for their products, laid plans for expansion of plant facilities to cost \$107 million (BW—Dec. 29 '45, p61). Increased construction and machinery costs boosted this estimate to \$125 million as of last April and, in addition, other plant expansions amounting to \$22 million have been announced this year by P.M.M.A. members.

Due to shortages, strikes, and government restrictions on nonresidential construction, not much has come of these plans yet. P.M.M.A. estimates that, after all of the presently proposed expansions have been completed (probably not until some time in 1948), the rate of production of all molding powders, excluding vinyls, will be 258% higher than in 1941, 567%



When facilities expansions now in the works are completed, production capacity of plastic molding materials will be almost four times as large as in 1941. The biggest part of the increase will be in thermoplastics. Vinyl plastics (shown separately because it is impossible to say what proportion will be used for molding) will be produced at nine times the 1941 rate.

IS AMERICA THE BEAUTIFUL STILL AMERICA THE BOUNTIFUL?

Let the facts speak for themselves...



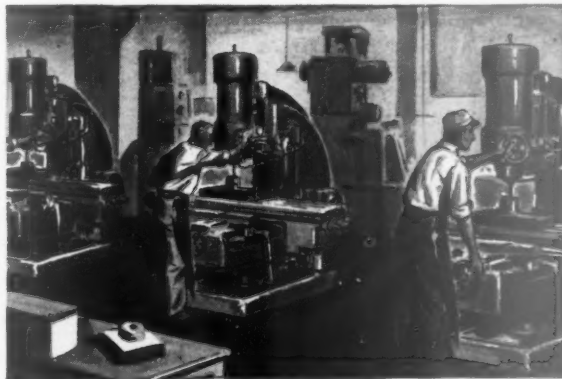
U. S. NEED: 2,700,000 HOMES — 1946 PRODUCTION GOAL: 1,200,000 HOMES. Are you planning to build a new home? 406,000 dwelling units were started in the first five months of this year. America's urgent housing shortage will become more acute unless production of building materials increases.



U. S. NEED: 30,000,000 SUITS — 1946 PRODUCTION GOAL: 18,000,000 SUITS. Want a new suit? The estimated total 1946 production amounts to approximately 7,800,000 suits of all types and prices for men. Think of the increased textile and garment production which is required to satisfy this basic need!



U. S. NEED: 15,000,000 CARS — 1946 PRODUCTION GOAL: 3,000,000 CARS. How soon can you have a new car? Production records show that output in the first half of this year was less than 1,000,000 cars and trucks. If 1946 goals are to be reached, production must increase sharply in the next few months.



THE GREATEST U. S. NEED is to increase the productivity of each individual worker. America's industrial output of goods per man-hour rises at the rate of 50% every ten years. This is the formula that sets the pace for low prices, high wages, more jobs, higher standards of living. This is the formula that keeps America busy!

How Can America Get What It Needs?

The answer is *produce more!* No matter what America's needs may be, they all lead back to production machines for solution. Today, a man's productivity is no longer measured by the clock, but rather by the capacity and efficiency of the machine he operates. Now is the time for a firm partnership between management and labor. Now is the time for the application of modern, new machine tools in place of high cost obsolescent equipment — the full utilization of manpower in productive new methods and processes. This is the highway to the low costs, low prices, high wages everybody wants.



Who made the packings in this



36,000,000-lb. press ?

HOUGHTON !

The largest die forging press ever built, now in operation at Wyman-Gordon Products Corp., depends on VIM Leather Packings to hold the pressure in its huge hydraulic cylinders. This 18,000-ton press, built by Mesta, contains 89 VIM packings and 117 VIM leather washers.

Not many concerns need a press of that size, but nearly every industrial plant uses hydraulic and pneumatic packings. Houghton supplies a lion's share of this business now, both because of the extra quality built into its impregnated packings and the engineering design service furnished gratis. We have a complete packing line, including VIX-SYN fabricated and homogeneous rubber packings and "O" rings, to handle practically all pressures and temperatures.

So when it's packings you need, large or small, consult E. F. HOUGHTON & CO., 303 W. Lehigh Avenue, Philadelphia 33, Pa.

**HOUGHTON'S
VIM LEATHER
AND
VIX-SYN PACKINGS**

Huge Increases Forecast for Plastics Output

If planned expansions go through, and if raw chemicals are in supply, the plastics molding materials picture will look rosier in a year or so. Present production exceeds previous

estimates. But it is far short of meeting demand. The table shows today's rates of production, and the estimated rates after expansion, as compared with 1939.

Material	Rate of Production (1939 Equals 100)		
	1945	Aug., 1946	After Expansion
Phenolics (molding)	185%	267%	334%
Cellulosics "	484	570	745
Polystyrene "	3,260	11,130	31,200
Vinyl (all uses)	1,250	1,438	3,000

Data: Plastic Materials Manufacturers Assn.

higher than in 1939 (chart, page 56). Increases in capacity for individual types of plastics range up to 31,200% over 1939 levels (box above).

• **Prospects**—Plastics manufacturers are still uncertain whether the expansions now under way will take care of future requirements. In a report to the industry last April (BW—Apr. 27 '46, p22), Stewart Landes of Celanese Plastics Corp. took a dark view of the situation.

He asserted that the number of molding and extrusion presses on order for plastics-consuming industries indicated that the spread between demand and supply would continue to increase, despite the projected expansions.

• **Sobering Thought**—Landes also posed the question, potentially far more important to the industry, of whether consuming industries may be overexpanding press capacity in terms of the potential market for fabricated parts.

Ordinary procedure requires removal of scale by sandblasting, or chemical picking after heat treatment before machining. Using the lithium descaling furnace, said to cost 65¢ a ton of work treated at the rate of 4,000 tons an hr., eliminates this cleaning procedure, it is claimed. As a result, costs are said to be reduced and tool life prolonged.

The furnace, built by the Lithium Co., Newark 4, N. J., is 90 ft. long, and features radiant tube heating and a double conveyor system. It requires two men for operation. All moving parts on the furnace are automatically controlled.



COPPER-BEARING PAINT

A marine paint, said to be particularly effective against marine life because it contains metallic copper in combination with other ingredients, has four times the service life of ship-hull paints meeting ordinary specifications, according to Battelle Memorial Institute research chemists.

The paint, which can be used over metal and wood, has been subjected to extensive service tests. Research was sponsored by a group of copper companies, and the paint is manufactured under license by Amercoat Division, American Pipe & Construction Co., New York.

DESCALING FURNACE

Lithium vapor introduced into a heat-treating furnace not only prevents formation of scale on steel forgings during annealing, but makes the surface scale formed in previous forging and heating of the metal easier to machine, according to data obtained at the Salisbury Axle Division of Dana Corp., Fort Wayne, Ind.

BIG DIPPER

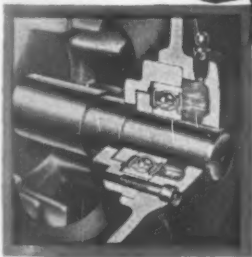
There'll be fast unloading on Lake Superior this fall when two giant clamshell coal buckets (above) start moving the coal from the boats to dock storage for a western coal company. Blaw-Knox Co., Pittsburgh, which made the buckets, believes that their 23-cu.-yd. bite makes them the biggest of their kind. When open, they measure 22½ ft. long, 19 ft. high; they weigh 27,500 lb.



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Fully-enclosed, Fan-cooled
Reliance Squirrel-cage A-C
Motor for Heavy Duty Service



The Reliance Precision Bearing Mount affords complete protection to bearings and windings.

● Where they must take punishment day in and day out, Reliance Motors have demonstrated outstandingly *dependable* performance in mills, processing and fabricating plants.

Reliance Motors are specially designed, both electrically and mechanically, for a long life of trouble-free service on the job—no matter how tough. For operations where abrasive dust particles, moisture or other special conditions threaten motor performance, Reliance Fully-enclosed, Fan-cooled Motors offer you thorough protection. Write today for Bulletin C-118!

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ARE YOU LOOKING FOR A PLANT LOCATION?

Investigate the famous Panther Valley of Pennsylvania . . . It offers many advantages.

LABOR—plenty of skilled and unskilled workers.
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Write for the brochure—**PANTHER VALLEY Opportunities for New Industries.**



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NEW PRODUCTS

Miniature Radio Receiver

Developed for teen-agers, the new Kiteraft Model 200, announced by Laco Products, Inc., 614 N. San Vincente Blvd., Los Angeles, is a miniature-tube, radio-receiver kit. This one-tube de-



tor and amplifier is designed around a miniature 1L4 high "mu" pentode tube and operates on a single cell for filament supply and from 22½ to 90 volts for "B" supply. The circuit used is a simple modified grid-leak type of detector and amplifier.

The kit includes building and operating instructions with diagrams. An accompanying manual covers theory of radio from the erection of the antenna to the operation of the vacuum tube.

Availability: 30 days' delivery.

Drawing Aid

A scale drawing pad called Jiffy-Sketch is being introduced by Jiffy Sales Co., 1816 East 37th St., Cleveland. Properly proportioned drawings can be made without use of ruler, drafting board, or T-square, it is said. The pad contains 75 sheets of tracing tissue, within a cover jacket which consists of four cardboard flaps. Various scales including a perspective scale are printed on three of the flaps.

In use, the cover flap is folded back and one of the tissue sheets is placed over the desired scale. Drawings made on the pad may be blueprinted. Sheets

As an added service at this time when production difficulties may delay the marketing of new products, items in this department carry statements from manufacturers as to the availability of the product. If no statement appears, the information was unobtainable.

are perforated for removal. Engineering data are printed on the back of each cover flap—basic mechanical drafting standards; electrical, welding, and architectural symbols; decimals of a foot; decimal equivalents of fractions, with circumferences and areas of circles.

Availability: immediate delivery.

Packaged Air Conditioner

Refrigerant gas cools the motor in the Gemco air conditioner developed for small commercial installations by the General Engineering & Mfg. Co., 1500 So. 10th St., St. Louis 4, Mo. Claimed weight saving of 300 lb. is obtained by using an aluminum housing for the 2-stage compressor and motor.

The machine plugs into standard 220-v., three-phase, 60-cycle outlets, and connects to the ½ in. or ¾ in. water piping in most commercial buildings.

Availability: Production starts Jan. 2, 1947.

Drilling Machine

Automatic centering and clamping feature the center drilling machine announced by Detroit Tap & Tool Co., 8432 Butler Ave., Detroit 11. A single lever controls all operations, including automatic positioning, clamping, and feeding the drill. The machine is said to handle a wide range of shapes and sizes. Concentric centers may be drilled in round, square, and other stock ranging from ½ in. to 2½ in. outside diameter. Length of stock is limited only by convenience in handling.

A self-centering vise automatically



for a little order...



or a big order



of brass and copper
... see *Chase*!

IMAGINE a nationwide network for copper and brass like this!

Where you can order rivets by the pound or screen cloth by the mile... a dime's worth of copper tacks or a carload of sheet brass.

Convenient? Certainly is...and that's Chase service!

In 26 leading industrial cities, Chase warehouses and sales offices are ready to

take your order for brass and copper.

And the large Chase mills and factories are geared to the production of brass and copper materials by the carload.

We can't fill all orders yet, but we'll do our best. Call your Chase warehouse or sales office today.

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The makers of the Beltloder have standardized on Thermoid belting for many years because it has proven itself capable of standing up under hard punishment. Exposure to weather, high angle of operation, intermittent loads, various kinds of materials all put the Beltloder and its Thermoid belting to an extreme test. The toughness and super-flexibility of Thermoid belting permits the use of a very small idler pulley on the Beltloder, making it possible to bring the belt closer to the ground and with less difficulty to push the conveyor into the pile of material to be moved.

This is just one of hundreds of instances of the way Thermoid—working with designers, engineers and production men—has aided industrial progress. Whatever your problem in the field of materials handling or power transmission, you owe it to yourself to consult your Thermoid Representative. Like so many others, you may find—"It's Good Business to Do Business with Thermoid."

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Transmission Belting • F.H.P. and Multiple V-Belts and Drives • Conveyor Belting • Elevator Belting • Wrapped and Molded Hose • Sheet Packings • Industrial Brake Linings and Friction Products • Molded Hard Rubber and Plastic Products.



Loading coal the costly, old-fashioned, back-breaking way.

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Fast, economical coal-loading with the Thermoid-equipped Beltloder. On this rigorous job, users estimate that a single Thermoid conveyor belt handles as much as 100 thousand tons of coal.



Thermoid Rubber

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clamps the work in concentric alignment with the centering drill. The vise is operated by an hydraulic cylinder, controlled by a three-way valve actuated by an extension of the drill head feed lever. The drill head, which is of the cartridge type, is fitted with high-precision ball bearings, and travels on hardened and ground adjustable ball bearing ways.

The drill has three speeds, 1,250, 2,400, or 5,200 r.p.m., obtained through a V-belt step-pulley drive from the spindle-drive motor. Another motor drives the gear type hydraulic pump through a flexible connection. The spindle chuck has a center drill capacity of from A-1 to J-2 ($\frac{1}{8}$ to $\frac{1}{2}$ in. od). Drilling depth is adjustable.

Availability: four weeks' delivery.

Electronic Stopwatch

High-speed automatic counting and precise measurements, to the fifth decimal place of split-second time intervals, are possible with the RCA time interval



counter. The device, developed during the war by the Victor Division of the Radio Corp. of America, Camden, N. J., for measuring the velocities of projectiles, is in quantity production. Electronically actuated, it can measure velocities and accelerations for intervals up to one second, in increments of one-millionth of a second.

Availability: in production, deliveries begin February, 1947.

Waterproof Adhesive

A thermoplastic, synthetic elastic composition that does not require vulcanization to obtain maximum strength is the basis of the No. 5118 Fairprene adhesive announced by the Fabrics Division of E. I. du Pont de Nemours & Co., Fairfield, Conn. The manufacturer recommends the cement for

bonding Buna-N synthetic rubbers and vinyl films or sheets to steel, aluminum, glass, wood, or concrete.

The new adhesive is cold-setting, is said to dry in three to ten minutes to a tacky surface, and to dry completely within two hours. The material reportedly is resistant to oxidation, and is unaffected by temperatures as low as 40 F. Temperatures over 160 F weaken the bond, but full strength is regained on cooling. Aromatic hydrocarbons will destroy the bond; oils or gasoline are said to weaken it only slightly.

Availability: immediate delivery.

Rubberless Elastic Fabric

Latest elastic fabric is Strex, developed in the textile laboratories of the United States Rubber Co., Rockefeller Center, N. Y. The fabric does not use rubber; elasticity is achieved by twisting cotton yarn into the shape of a coil spring. The fabric can be made in various degrees of elongation, up to a maximum of 100%.

It is said to withstand repeated laundering or dry cleaning, but has a lower degree of tension than latex and similar materials deriving their elasticity from rubber. Uses so far developed include slipcovers, gloves, sweaters, and surgical bandages.

Availability: small quantities for experimental purposes.

Performance Meter for Cars

A new automotive gadget for measuring the braking action and acceleration of motor vehicles is completely self-contained and requires no electrical or mechanical connections to the motor or other working parts of the vehicle. Made by the Metron Instrument Co., 432 Lincoln St., Denver 9, the device comes completely equipped with a universal mounting arm.

This instrument makes use of the same force which tends to throw the driver forward when the brakes are applied. Thus it is actually a pendulum type accelerometer with the pendulum geared to an indicating hand. Actual



**How a tough
knife-sharpening problem
was solved by a
Disstoneer**



● It was a problem that had to do with beet shredder knives used by the beet sugar industry. Because of the abrasive material and foreign matter that get mixed in with the beets, these shredder knives are subject to very harsh treatment. Yet the nature of the work requires that the knives be kept sharp and clean-cutting at all times. Resharpener requires both routing and filing, a slow and tedious job when done by hand as it formerly was.

The solution to this tough resharpener problem was found by a Disstoneer*. Machines which do the work automatically, with much greater speed, accuracy and economy, were developed. Today, these routing and filing machines, exclusive Disston products, will be found in practically all beet sugar mills.

Another clear-cut case of Disston leadership



***DISSTONEER**—a man who combines the experience of Disston leadership and sound engineering knowledge, to find the *right tool for you*—to cut wood, to cut metal and other materials—and **TO CUT YOUR COST OF PRODUCTION**—not only on special work, but on ordinary jobs as well.

DISSTON Automatic Beet Knife Filing Machines



Machines greatly speed up work and increase accuracy of routing and filing. This prolongs life of knives, produces uniform cosettes and affords better extraction... more sugar per ton of beets. Type C Machine has 2 heads for sharpening. Type F Machine has a single head for routing.



Your operations may be vastly different, but if they include the cutting of heavy timbers, you will be interested in the...



DISSTON CHAIN SAW with Mercury Gasoline Engine

It enables you to cut through heavy timbers in but a fraction of the time required for cross-cut saws. Thousands of Disston Chain Saws are speeding up work and cutting costs in timberlands, on railroads and construction jobs, in mines and many other industries. Write for full particulars and learn how Disston Chain Saws are helping users increase production and profits.

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If you choose Connecticut as the place to build your factory you'll do mighty well. For Connecticut and industrial success go hand in hand. All the top-fertility ingredients are rooted in Connecticut's productive soil. Decades of management-labor harmony. Modern, fast-paced transportation network whisks *in* semi-finished materials and speeds *out* Connecticut products to nearby major markets. Favorable tax rates—no individual State income tax.

Want information, desirable locations—the facts about transportation, labor, taxes? Write to the Connecticut Development Commission, Dept. BW-2, State Office Bldg., Hartford 15, Conn.

Put your business in a "State of Success"

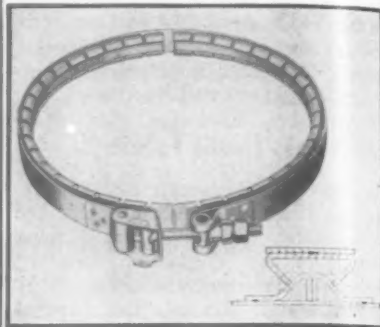
CONNECTICUT

motor and brake performance is gaged while the vehicle is in motion. The instrument is housed in molded plastic.

Availability: immediate delivery.

Manifold Coupling

A coupling said to afford a positive seal for all types of manifold joints under conditions of high temperature



and excessive vibration is being made by Marman Products Co., 940 W. Redondo Blvd., Inglewood, Calif.

One of the features of the new coupling is the vented construction of its retainer ring which reportedly reduces coupling temperatures to one-half the temperature of the manifold.

Availability: three weeks after order.

Improved Motorcycle

Streamlined in appearance and featuring numerous refinements, the improved Wyse Cycle, manufactured by Wyse Laboratories, Dayton 2, Ohio, is equipped with a 6-hp. engine. Antifric-tion bearings are used throughout. Heat-treated alloy-steel timing gears are mounted on needle bearings. Battery-type ignition, with belt-driven generator, is said to provide quick starting and constant voltage for lights.

Availability: through distributors in 90 days.





BRAINSTORM FROM A WINDSTORM

Nature and B&W collaborate...



NATURE held the original patent on the whirling force of the cyclone. But it was B&W who first put the idea to work separating water and solids from steam to improve the performance of boilers.

To their adaptation of Nature's destructive force to useful work, B&W gave the name *Cyclone Steam Separator*. Its use in industrial boilers makes larger and more rapid swings in power loads safely possible, protects boiler tubes from overheating and burnout, raises boiler and turbine efficiency

and cuts maintenance bills. Not unexpectedly, the popularity of the Cyclone Steam Separator has swept the country's power plants like the whirlwind for which it is named.

But the Cyclone Steam Separator is just one example of imaginative engineering at B&W. Throughout the many industries B&W serves are many more. All offer convincing testimony that, while old enough to have pioneered important advances in many divergent fields, B&W is yet young enough to have new ideas... ideas for the engineers of *all* industries, in connection with present problems or future plans.



BABCOCK & WILCOX

THE BABCOCK & WILCOX CO.

85 LIBERTY STREET • NEW YORK 6, N. Y.

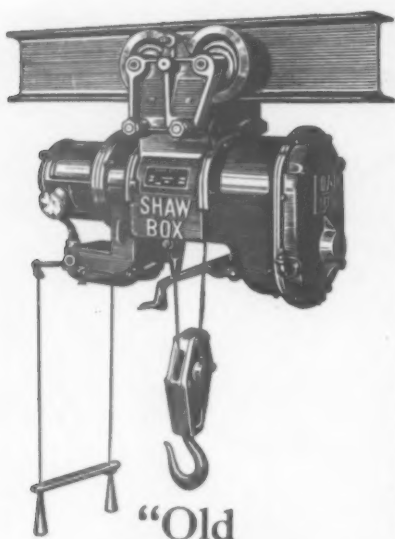
THE BABCOCK & WILCOX TUBE COMPANY

WELDED TUBE DIVISION:
ALLIANCE OHIO

SEAMLESS TUBE DIVISION:
BEAVER FALLS, PA.

Water-Tube Boilers, for Stationary Power Plants, for Marine Service... Water-Cooled Furnaces... Superheaters... Economizers... Air Heaters... Pulverized-Coal Equipment... Chain-Grate Stokers... Oil, Gas and Multifuel Burners... Seamless and Welded Tubes and Pipe... Refractories... Process Equipment.

N-15



"Old Faithful"

THAT is just one of the many affectionate names the 'Load Lifter' Electric Hoist has deservedly earned from many owners—and operators.

No matter how tough the lifting job, how continuous the service, the 'Load Lifter' takes it in its stride and always is ready for more.

The secret is more than simple, rugged construction. Special features, not found in their entirety in any other hoist, contribute much to the matchless performance. Among them are one-point oiling, two-gear reduction drive and fool-proof upper stop.

Workmen like it for its dependability and freedom from breakdown. Management finds satisfaction in low operating and maintenance costs.

If you have a difficult lifting problem it is almost a certainty that the solution can be found in a 'Load Lifter'. Give us details of your lifting job and we will recommend the right 'Load Lifter' or combination to do the job.

'Load Lifter' Electric Hoists are built with lifting capacities of 500 to 40,000 lbs. in all combinations required for industrial needs. They are adaptable to almost every working condition within their capacities. Send for Catalog No. 215.



LOAD LIFTER Hoists

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

FINANCE (THE MARKETS—PAGE 118)

Airline Expectations Waver

Postwar boom, after a good takeoff last year, fails to gain altitude. Sharp increase in operating costs, plus slump in traffic gives new financing an uncertain outlook.

In financial circles last fall few companies enjoyed a brighter outlook for the early postwar years than those in the air-transport field. At that time most members of the industry were equally optimistic. This general feeling was particularly strong in Wall Street, where many airline stocks were among the favorite "buy" suggestions.

• **Eye on the Future**—But the Street was interested in more than the industry's outstanding securities. Catching its eye was the fact that the airlines had on order more than 400 planes to cost some \$300,000,000. Of even greater interest to the financial district was a 1945 survey by Air Transport Associates, a trade group, which revealed that the industry might spend \$750,000,000 within five years for new ships and ground equipment.

It was obvious that many airlines would have to engage in extensive financing, since the industry's invested capital at that time did not greatly exceed \$150,000,000. Wall Street's underwriting houses visualized many a profitable piece of new business in airline financing.

• **Year of Disappointments**—To date, neither Wall Street, airline security

holders, nor the industry itself has predicted as much as each group had hoped for earlier. One disappointment after another has come in 1946.

Actually, the reasons behind last year's optimism had a pretty solid base although this, of course, does not make this year's setbacks any easier for the industry to swallow. By 1945 the airlines, by reason of their many accomplishments in an important wartime role, had reached a considerable measure of industrial maturity. There were impressive gains in technical development, in organization, earnings, and financial stability.

Of major significance was the huge increase in air passenger travel during the war, and its further expansion in the months after V-E Day and V-J Day. Although annual gross revenues had doubled from 1938 to 1941, by late 1945 they had reached a level twice that at the time of Pearl Harbor. And in 1945 the industry fully expected that its 1946 revenues would be three times those of 1941; that by 1950 they would climb as much as four to six times the 1945 level.

• **Profit Jumped in 1945**—Earnings in 1946 kept pace with gross revenue



American Airlines' C. R. Smith (left) begs to differ with United Air Lines' W. A. Patterson, who predicts a profit tailspin for the industry by next summer.

MONROE

SIMPLIFIES ACCOUNTS RECEIVABLE POSTING

STATEMENT

SCOBEY FIREPROOF STORAGE CO.

MAIN OFFICE 311-315 NORTH MEDINA ST.

TELEPHONE FANFTH 7111
SAN ANTONIO, TEXAS

. Mr. John Doe

LOT NO. _____ YOUR CHECK IS SUFFICIENT RECEIPT. WE MAIL NO RECEIPT, UNLESS REQUESTED.

DATE	INVOICE NO.	CHARGES	CREDITS	BALANCE
	ACCOUNT RENDERED			125.85
OCT 346	7.172	10.00		
OCT 346	7.174	34.98		
OCT 646	2.020	7.59		
OCT 746	7.500		10.00	
OCT 946	7.700	16.21		
	7.705	32.00		

PROOF

125.85 -
170.83 -
178.42 -
168.42 -

000
35000
25000
35000
12585
46000
100000
15000
20000
53250
25000
78000
55000
45000
12000
35000
32000
67000
12000
13345
23000
23400
48210

Monroe
Adding-Listing Machine
209-11-092
Monroe Adding-Calculator LA 4-200-C

Monroe Accounts Receivable
Bookkeeping Machine
209-285-191

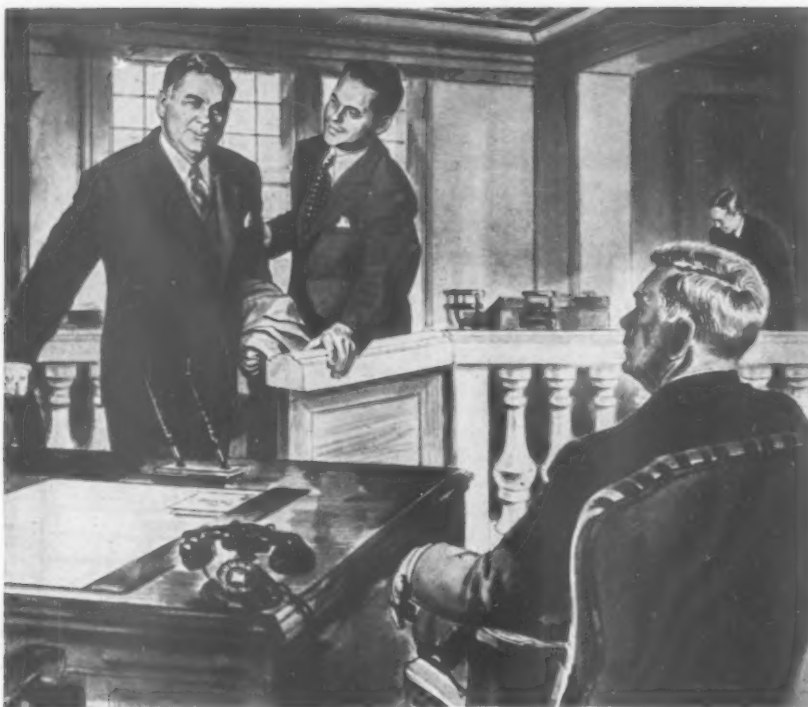
Posting and proving Accounts Receivable "the Monroe way" establishes a new standard of speed and simplicity. Statements are completed on time because they are produced and proved simultaneously with the customer's ledger and tape journal, eliminating month-end peak loads. The machine is also always available as an adding machine.

There is a Monroe for every Accounts Receivable operation. High-speed Calculators for figuring invoices; Adding Machines to bring

unique advantages to bookkeeper and cashier; Bookkeeping Machines to streamline and simplify posting and proving of accounts.

Every Monroe has that simplicity and mechanical excellence that has made the Monroe Calculating Machine the leader for over thirty years.

Let our nearby representative explain why "operators who know prefer Monroe" for every figuring and accounting need. Monroe-owned sales and service branches in all principal cities. Monroe Calculating Machine Co. Inc., Orange, N.J.



He applied for a loan— and got a customer!

It happened to W. S. Quinlan, President of Robbins & Myers, Inc.

Robbins & Myers make fractional horsepower motors and electric fans. A few years before the War the market for both products was in a slump. The Company was seeking new products to manufacture and money to finance them. Mr. Quinlan came to the Bank of the Manhattan Company.

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Soon afterwards, the Bank brought the two Companies together—and before long Robbins & Myers was receiving large contracts from Norden. The Bank had found one of the few firms capable of performing the highly specialized job Norden demanded.

The Bank provided Robbins & Myers credit for more working capital. And the Norden Company gave the Armed Forces, on time, two of the War's most important weapons—the Norden bomb-sight and the automatic pilot.

Similar incidents happen frequently at the Bank of Manhattan. For this Bank is not only interested in financing companies—it is concerned with the welfare of its customers. As a result, opportunities for mutual assistance are continually turning up—another example of Bank of Manhattan service which goes beyond the usual banker-customer relationship.



**Bank of the
Manhattan Company**

NEW YORK

COMPLETE TRUST SERVICE

Member Federal Deposit Insurance Corporation

fourteen leading airlines in 1945 reported profits aggregating over \$16,000,000 (after federal taxes of \$16,350,000 compared with a net of less than \$4,200,000 in 1941 and a deficit of \$3,300,000 in 1938).

The same period showed considerable strengthening in the industry's finances. Cash, only \$8,289,000 at the end of 1938, exceeded \$109,000,000 as 1945 closed. Working capital was \$75,201,000 compared with \$10,001,000; property account \$66,736,000 versus \$18,436,000; net worth \$146,585,000 versus \$27,000,000. Long-term debt was \$24,837,000 compared with \$3,760,000.

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• **Operating Costs Spiral**—In the first half of 1946 passenger traffic was up to expectations. Revenue passenger-miles through June ran some 90% above 1945 levels, and 16 large and small airlines reported a 50% rise in operating revenues, or from \$99,069,000 to a most \$149,000,000. Operating expense, however, jumped 79%, and the gross showed a \$177,000 deficit compared with profit of \$9,793,000 for the 1945 period.

Several factors are responsible for the poor showing. For one thing, rates are currently well below 1945 levels. Numerous airline executives now are willing to admit that last year's reductions which brought average revenue per passenger-mile down from 5.5¢ to 4.5¢ were too drastic.

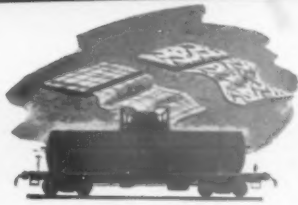
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• **Congestion Is Costly**—Another factor causing 1946 trouble has been air traffic congestion regularly noticeable at important metropolitan airports. This often results in the loss of substantial revenues due to flight cancellations, and it is a condition which may have to be corrected with the airlines' own funds.



ALCOHOL

Steel car, 6,000 to 10,000 gallon capacity.



CAUSTIC SODA

Heavily insulated steel car, with or without heater coils, 8,000 or 10,000 gallon capacity. Usually specially lined.



CHLORINE

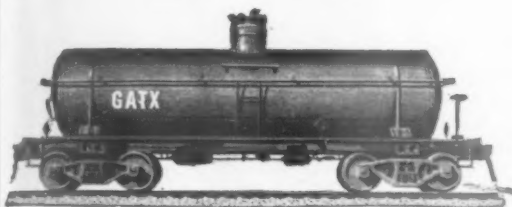
Insulated, welded car; built to withstand pressure up to 500 pounds; 15 or 30 ton capacity.



COTTONSEED OIL

Clean, steam coiled car of 8,000 gallon capacity.

FOR RENT TANK CARS



Tank car transportation of liquids in bulk, pioneered by General American has proved its versatility, its efficiency, its economy.

The General American fleet comprises more than 37,000 specialized tank cars . . . 207 different types of tank cars . . . designed for the safe and swift hauling of an almost infinite variety of liquids.

General American's strategically located offices, plants, and repair shops keep these tank cars at your service; provide you with precisely the type of tank cars you want, where you want them.

If your problem is the transportation of liquids in bulk, let the nearest General American office help you.

GENERAL AMERICAN TRANSPORTATION CORPORATION

GENERAL OFFICE: 135 South La Salle Street • Chicago 90, Illinois

DISTRICT OFFICES:

New York • St. Louis • Buffalo • Seattle • Los Angeles • Dallas • Houston
Tulsa • New Orleans • Cleveland • Pittsburgh

**GENERAL
AMERICAN
TRANSPORTATION
CORPORATION**
CHICAGO



LARD

Steel car, usually of 8,000 gallon capacity.



WINE

Insulated car with one to six compartments. Interior coated to preserve quality.



MOLASSES

Steam coiled car with heavy capacity trucks; 8,000 gallon capacity.



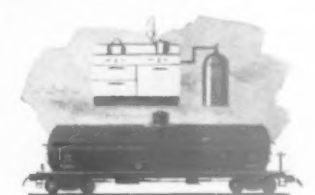
SULPHURIC ACID

Heavily constructed steel car with heavy truck capacity. Equipped to unload through dome.



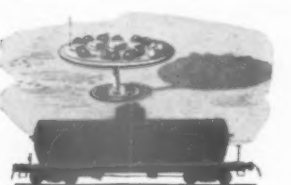
FUEL OIL

Steel car, steam coiled, 8,000 to 12,500 gallon capacity.



PROPANE

Heavily constructed car, welded and insulated. Built to withstand internal pressures to 300 pounds. Capacity 10,000 to 11,000 gallons.



CORN SYRUP UNMIXED

Clean, steam coiled with heavy truck capacity. Usually lined with aluminum paint.



LUBRICATING OIL

Steel car, with steam coils, single or multiple compartment; usually 8,000 gallon capacity.



MURIATIC ACID

Car lined with pure or synthetic rubber; 8,000 to 10,000 gallon capacity.



ACETIC ACID

Aluminum Car, 8,000 or 10,000 gallon capacity.



GASOLINE

Clean car, 6,000 to 12,500 gallons; single or multiple compartment.



ASPHALT OR TAR

Heavily steam coiled car; with 2 or more inches of insulation; steam jacketed outlet; 8,000 to 10,000 gallon capacity.



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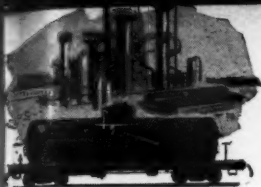
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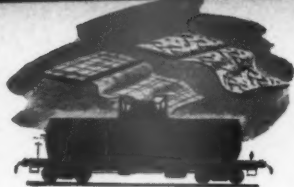
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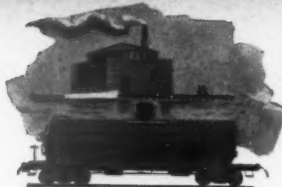
ALCOHOL

Clean, steel car, 6,000 to 10,000 gallon capacity.



CAUSTIC SODA

Heavily insulated steel car, with or without heater coils, 8,000 or 10,000 gallon capacity. Usually specially lined.



CHLORINE

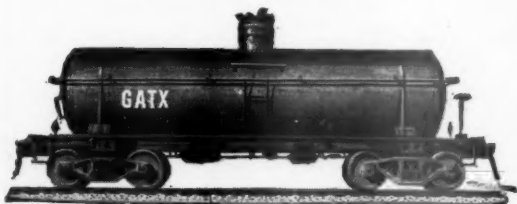
Insulated, welded car; built to withstand pressure up to 500 pounds; 15 or 30 ton capacity.



COTTONSEED OIL

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FOR RENT TANK CARS



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Steam coiled car with



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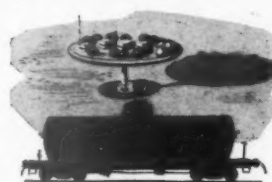
GASOLINE

Clean car, 6,000 to 12,500 gallons; single or multiple compartment.



ASPHALT OR TAR

Heavily steam coiled car; with 2 or more inches of insulation; steam jacketed outlet; 8,000 to 10,000 gallon capacity.



CORN SYRUP UNMIXED

Clean, steam coiled with heavy truck capacity. Usually lined with aluminum paint.



LUBRICATING OIL

Steel car, with steam coils, single or multiple compartment; usually 8,000 gallon capacity.



MURIATIC ACID

Car lined with pure or synthetic rubber; 8,000 to 10,000 gallon capacity.



ACETIC ACID

Aluminum Car, 8,000 or 10,000 gallon capacity.

ELECTRICAL SHEETS & STRIP
POLISHED BLUE SHEETS
SEAMLESS TERNE ROLL ROOFING
CLAD METALS
COLD ROLLED STRIP

Though we cannot fulfill
all the demands
for Follansbee products
we are keeping our facilities
at the highest operations possible
and are making every effort
to serve our customers.

Scrap is urgently needed
by the steel industry. You can
help to keep up steel production
by moving your scrap
to the mills promptly.



FOLLANSBEE STEEL CORPORATION

GENERAL OFFICES • PITTSBURGH 30, PA.

Sales Offices

New York, Philadelphia, Rochester, Cleveland, Detroit, Milwaukee.

Sales Agents

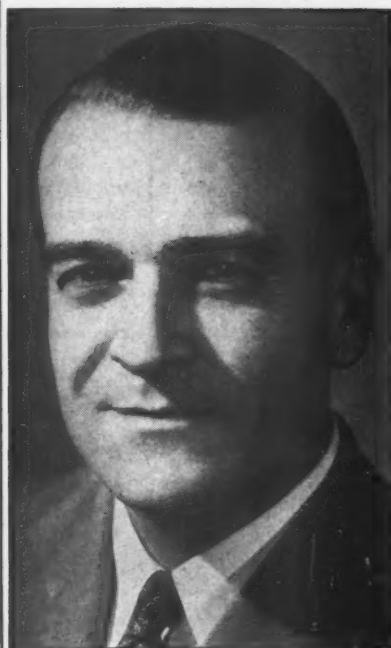
Chicago, Indianapolis, St. Louis, Kansas City, Nashville, Houston,
Los Angeles, San Francisco, Seattle; Toronto and Montreal, Canada.

Plants

Follansbee, W. Va., and Toronto, Ohio.

Follansbee Metal Warehouses

Pittsburgh, Pa., Rochester, N.Y., and Fairfield, Conn.



BURROUGHS PROMOTES

From junior salesman to president is the record of John S. Coleman (above), new 49-year-old head of Burroughs Adding Machine Co.—which has completed its 52nd consecutive year of paying dividends. Coleman succeeds Alfred J. Doughty, for 60 years a Burroughs man, now retiring for reasons of health. With the company 26 years, Coleman has been vice-president since 1944. Laurence V. Britt, former executive vice-president, becomes chairman of the board and of the new executive committee.

since many municipalities are no longer in a position to keep on footing airport bills.

Recent Civil Aeronautics Board regulations will necessitate expending some \$10,000,000 for plane fireproofing jobs.

Costly, as well, have been the long delays experienced in connection with the deliveries of much of the new equipment already ordered, since the latter is much cheaper to operate than the older planes that have had to be retained in service.

And still to be settled are the long-outstanding demands of pilots for substantially higher remuneration.

• **Leaders Disagree**—Some improvement in earnings has been registered since midyear, but not all airline managements are as sanguine now about the immediate future as they were previously.

W. A. Patterson, United Air Lines



Monogram

Rolfs "Monogram", in tan Rhea, ladies' or gentlemen's design, \$37.50. Other leathers from \$20. All prices subject to tax.

ROLFS *Signature* and *Monogram* BILLFOLDS*

For accounts and associates important to you!

Man does not rise alone. In thoughtful appreciation, to those business associates, whether men or women, whose help is ever welcome, we suggest your gift of a "Signature" or "Monogram" billfold, by Rolfs.

The "Signature" has all the richness and significant good taste demanded of a presidential gift. The recipient's signature, cut deep in its broad bar of solid fourteen karat gold, makes of it a legacy in leather, to be cherished for a lifetime and beyond. Jacaretinga, rarest of leathers, mellows gently with age and use. Its primary facets polish to mirror brilliance, while the whole takes on the subdued lustre of burnished bronze.

Rolfs "Monogram", in a variety of elegant leathers, is also fitted with a solid gold bar, fourteen karat fine, suitable for monogramming, in the tradition of family plate.

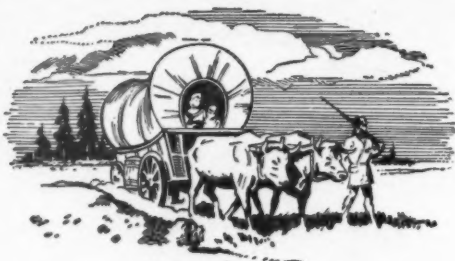
Sincere appreciation speaks honestly through either of these gifts by Rolfs.

We will be glad to send you, promptly, the name of the store nearest you that carries Rolfs "Signature" and "Monogram" billfolds.

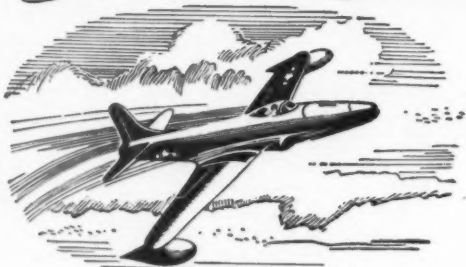
Rolfs

ROLFS, 330 FIFTH AVENUE, NEW YORK
Division of Amity Leather Products Company

*Patents pending



From Ox Team



To Rocket Ship...

IN the Pacific Northwest, the wilderness has been conquered. Within a single lifetime, forests and deserts have been replaced with fertile farms and busy marts of trade.

Today Washington, fourth state in the nation in percentage of growth of population since the turn of this century, is also fourth in per capita buying power . . . a market worth considering.

Serving the financial needs of this prosperous state—with banking that is helping Washington grow—the Seattle-First National Bank offers its state-wide facilities for the assistance of new business and the expansion of established lines. With 40 banking offices strategically located throughout the state, it is now the 23rd bank in size in the entire United States and the largest north of San Francisco and West of Chicago. Inquiries about business opportunities in this prosperous Pacific Northwest will gladly be answered.

Member Federal
Reserve System



Member Federal Deposit
Insurance Corporation

SEATTLE-FIRST NATIONAL BANK

Main Office—Seattle
Spokane and Eastern Division—Spokane

president, for example, flatly predicted last week that next summer would see all the airlines losing money. He reports that traffic has been falling off in recent weeks and that much cargo space is now going begging. Most of the rush after V-J Day to travel by air, he thinks, "has been occasioned by people who never traveled by air before and never will again." And Patterson strongly hinted that fares would have to go up to offset this year's 40% rise in costs.

Strongly disagreeing is C. R. Smith, American Airlines chairman. Smith believes that profit-producing economies will be effected next year by increasing use of new equipment and other factors, and that the volume of air traffic in 1947 will develop to surprisingly high levels.

Holders of airline shares, however, for some time now have appeared to agree more with Patterson than with Smith. In fact, mid-December 1945 actually saw the group, measured by Standard & Poor's airline stock index, reach its 1942-46 bull market high (which represented a 516% gain above the wartime low the index set in 1942). By last week the index had slumped to a point almost 50% below that all-time peak.

• **Sticky Offerings**—Underwriting circles have cooled, at least temporarily, toward airline securities. Fresh in their minds is the extremely sticky reception accorded the American Airlines offering last June of \$80,000,000 of 3½% preferred and 3% 20-year debentures (BW—Oct. 12'46, p. 54). And they are aware that most other public airline financing operations this year have proved relatively as costly to buyers or the offering syndicates.

In fact, it appears quite likely now that airline stock and bond offerings are apt to be conspicuous by their absence from the corporate new issues market for some time.

Whether the commercial banks and insurance companies will offer as liberal loan terms to airline borrowers as in the past remains to be determined. It's generally believed, however, that lenders may demand a few new protective clauses.

• **Loan Restrictions**—Evidence of such a trend is found in the details just released covering the \$40,000,000 credit granted recently to Pan American Airways by a New York group of commercial banks after the latter had spent some time looking into the airline situation. This, for example, provides that no more than \$4,000,000 of future dividends can be declared out of pre-Dec. 31, 1945, earnings, and then at the rate of not over \$2,000,000 in any one year.

Also, Pan American agrees that its working capital while the loan is outstanding will not be permitted to drop under the \$10,000,000-mark.

A.F.L. vs. "A.P."

Employees in 26 branches of Giannini's big California bank will vote soon on union issue. White-collar hopes revealed.

White-collar unions have been at the gates of the country's financial institutions for several years. Except in isolated instances, that's as far as they got.

Their inability to sell union membership to those who toil in the counting houses has been due, in varying measure, to a suspicion among the toilers that some of the unions were interested less in trade unionism than in left-wing politics, to the traditional identification of the bank clerk's interests with those of his employer, and to the individualism of the white-collar worker, who has mental reservations about aligning himself economically with his blue-shirted neighbor.

• **California Hot Spot**—There is no evidence among bank clerks of a mass retreat from these bastions, although some who get a look at hefty industrial payrolls are beginning to ask themselves some questions. Employees of Milwaukee's First Wisconsin National are organized, and membership drives are under way in banks at such widely scattered points as New York (BW—Oct. 19'46,p70), Chicago, Dallas, and Grand Junction, Colo.

The campaign is getting particularly



Bank of America's A. P. Giannini: whether he and his "boys and girls" will remain one big happy family depends on how the ballots are marked.

THE *Best* PROTECTION
AGAINST CORROSION
costs less in the long run

Neolac

—the
**MIRACLE
PROTECTIVE
COATING**



**NON-OXIDIZING . . . NO CHECKING
NO CRAZING, NO FLAKING AWAY!**

- GOES ON EASILY . . .
DRIES QUICKLY
- NEEDS NO PRIMER . . .
2 COATS AMPLE
- LEAVES NO "SKIN"
... NO WASTE
- GALLON COVERS UP
TO 450 SQ. FT.

When amazing NEOLAC dries, it leaves a tough, flexible, protective film of pure plastic . . . a *liquid armor coating* against corrosion, rust and age. NEOLAC is *non-oxidizing*, resists chipping and cracking, won't flake off. That's why NEOLAC gives better protection years longer . . . *costs less in the long run*. Black • Gray • Green • Clear • Ready-Mixed Aluminum.

SPECIAL Introductory Offer
for Comparative Test Purposes

One quart of either Neolac Black, Gray, Green, Clear or Aluminum, plus one pint of Neolac Thinner, \$2.80, prepaid anywhere in U. S. A.

**CHAMBERLAIN
ENGINEERING
CORPORATION**

5000 BRIMFIELD RD., AKRON 9, O.

THE NATIONAL CITY BANK OF CLEVELAND

Statement of Condition

SEPTEMBER 30, 1946

ASSETS

Cash and Due from Banks	\$102,279,826.32
United States Government Obligations	238,693,366.93
Other Securities	13,090,699.50
Loans and Discounts	90,122,674.38
Investment in Banking Premises	1,678,746.24
Customers' Liability on Acceptances and Letters of Credit	1,453,941.62
Accrued Interest	974,796.32
Other Assets	382,703.58
	<u>\$448,676,754.89</u>

LIABILITIES

Capital Stock (625,000 shares)	\$10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	2,753,763.01	\$ 22,753,763.01
Reserves	3,221,016.36	
Dividend on Capital Stock Payable Nov. 1, 1946	218,750.00	
Acceptances and Letters of Credit	1,453,941.62	
Accrued Interest and Expenses	1,074,379.84	
Deferred Credits and Other Liabilities	655,393.94	
Corporation, Individual and Bank Deposits	\$289,388,395.91	
Savings Deposits	59,503,301.13	
Trust and Public Deposits	27,378,816.41	
U. S. Government War Loan Account	43,028,996.67	419,299,510.12
		<u>\$448,676,754.89</u>
Contingent Liability on unused loan commitments	\$8,860,048.65	

NOTE: United States Government obligations carried at \$73,305,798.13 are pledged to secure trust and public deposits, U. S. Government War Loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

hot in San Francisco, where the mighty Bank of America is the target of the A.F.L. Office Employees International Union. The Bank of America, with 494 branches in California, 12,000 employees, and deposits of five billion dollars, is the largest nongovernmental banking institution in the world (BW—Apr. 20 '46, p64).

• **C.I.O. Is Too Late**—An election was ordered by the National Labor Relations Board among 550 employees of the bank in 26 branches at Oakland, Alameda, Emeryville, Hayward, and San Leandro, Calif. Before mid-November, the tellers, messengers, bookkeepers, stenographers, clerks, and floor guards in those branches will be invited to choose between Local 29 of the O.E.I.U. and no union.

Before the election, the bank is expected to petition the board for reconsideration of its decision on the ground that the designated bargaining unit is an illogical one. (The 26 branches embraced in the election order constitute one of the bank's 20 branch supervision districts.)

• **What Union Wants**—A glimpse at the contract which a committee of employees began drawing up last spring for presentation if the union wins the election reveals the pattern of aspirations of white-collar unions. It calls for a union shop affecting all employees below assistant vice-president, assistant branch manager, chief clerk, assistant cashier, and what the bank calls pro-assistant cashier.

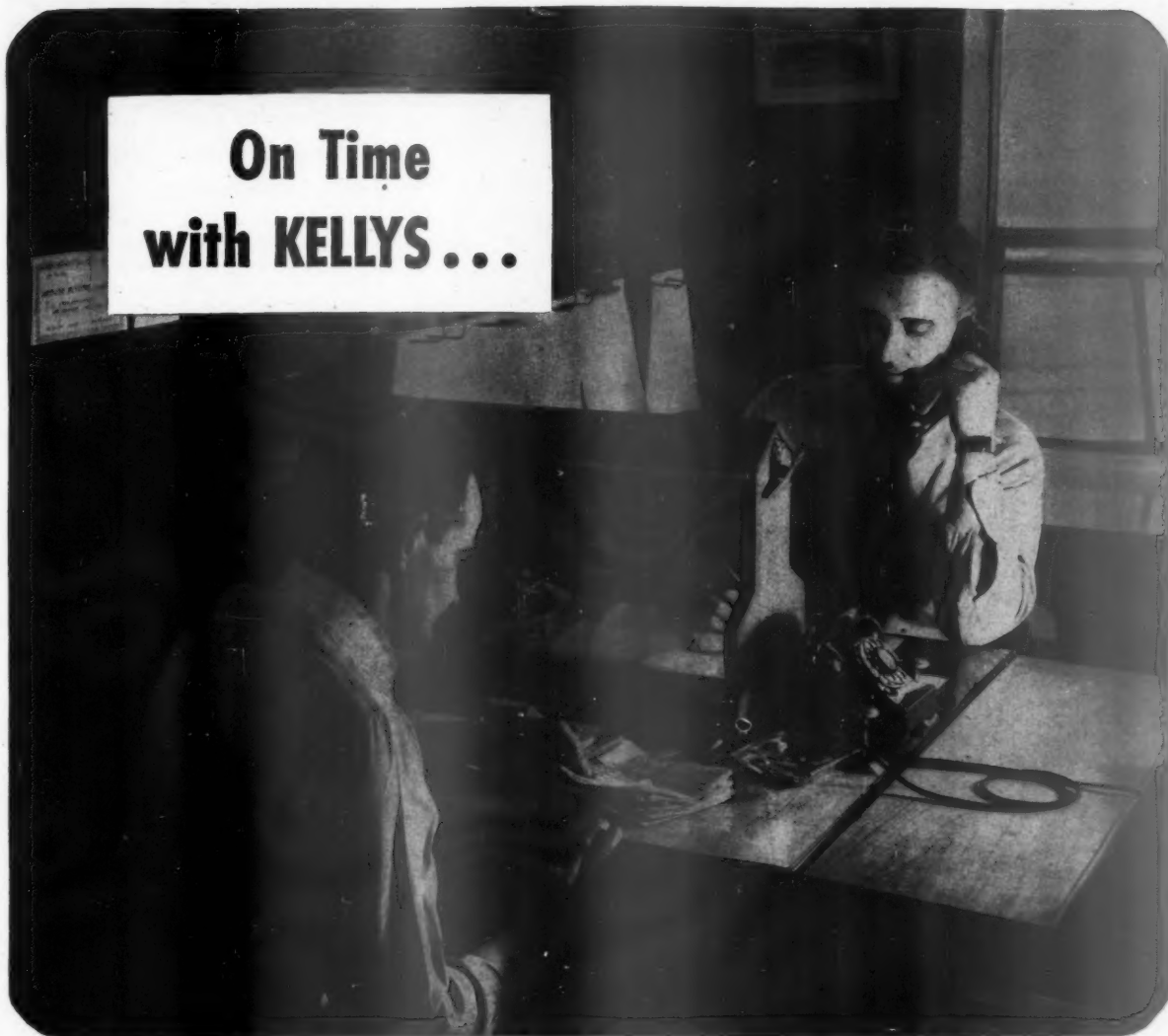
For mail clerks, bookkeepers, and the like, the proposed agreement calls for a starting salary of \$145 a month, scaled up to \$240 after five years. Stenographers and bond tellers would start at \$175 a month and be paid \$275 after five years, with monthly increments of \$5 each year thereafter. Tellers, note clerks, safe deposit clerks, and inter-branch messengers would range from \$190 to \$295 in the five-year span and pick up an additional \$10 each following year. For the higher echelons of teller, clerk, and bookkeeper, a range of \$275 to \$355 is proposed, with \$10 increments annually after five years.

• **Raise Last June**—Only detailed analysis of the bank's existing salary rates would show how these rates compare.

A. P. Giannini, founder-chairman of the bank and generally regarded as a liberal employer, voluntarily increased the salaries of all the people he calls his "boys and girls" last June 1 at the same time that he restored the prewar 40-hour week.

• **Suggested Contract**—Other features of the proposed agreement include a system of bank-wide seniority, paid vacations ranging up to 28 working days, a schedule of severance pay, and provision for 30 days' sick leave per year, cumulative from year to year.

On Time with KELLYS...



The Message that goes down in Black!

"Checking in on time!" That's the message that often means the difference between a black and red entry on the P & L sheets. And, naturally, that's why so many fleet operators from Coast to Coast insist on dependable Kellys.

The reason for this preference is that tough new Kellys incorporate the latest improvements in shape, design, materials—more rayon cords to the inch . . . extra rubber between plies

. . . a new design that compacts the rubber instead of stretching it . . . the famous Armorubber tread that's actually tougher than steel.

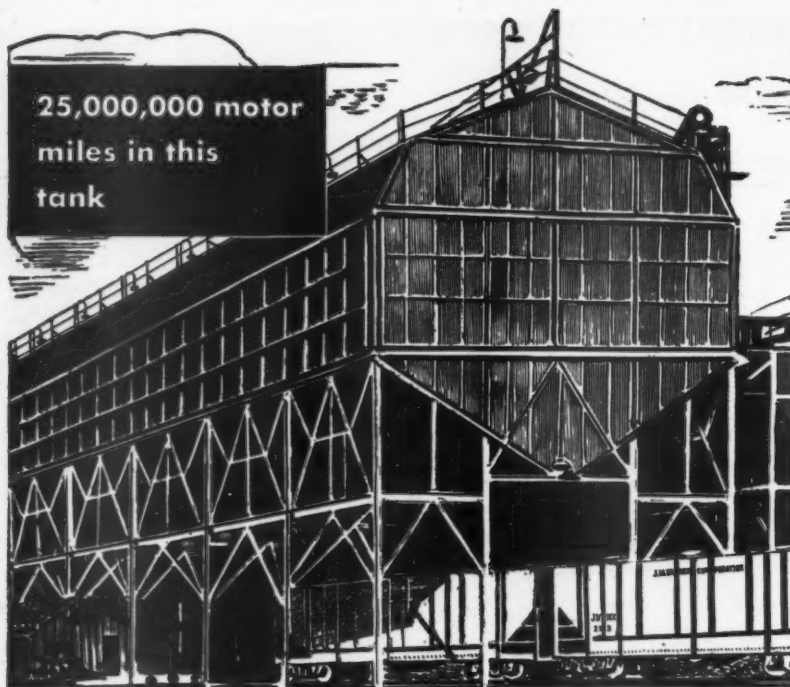
And most important of all, 52 years of experience in designing and building better tires assures truckers that the Kellys they buy are products of *extra skill, extra care* through every step of the manufacturing process.

THE KELLY-SPRINGFIELD TIRE CO.
Cumberland, Maryland



Fleet Records show "KELLYS ARE TOUGH"

.....
DEPENDABLE FOR 52 YEARS!



In BLACK and WHITE, HUBER RESOURCE-fulness STANDS OUT!

THIS HUGE STORAGE TANK, one of the largest of its kind, contains Huber WYEX carbon black, the essential toughening ingredient for rubber tires.

Huber carbon black—in slightly different form—produces the jet black color which makes easier reading of newspapers and magazines printed with Huber inks.

Carbon black is but one of many Huber products related to the graphic arts. Kaolin clay for the filling and coating of fine paper stock comes from Huber's great deposits in South Carolina and Georgia. Huber natural gas wells in Kansas and Texas supply gas for the manufacture of carbon black and for industrial and domestic fuel as well. Petroleum which contains the "vehicle" for newspaper printing inks, is another important Huber product.

Huber products are outstanding and of uniform quality because Huber controls its own basic raw materials, controls each step of production, *from the ground up.*

J. M. HUBER, INC.
New York; Chicago; St. Louis;
Boston; Huber, Ga.; Graniteville and
Langley, S. C.; Borger, Texas



PRINTING INKS, PETROLEUM, NATURAL GAS AND GASOLINE,
CARBON BLACKS, KAOLIN CLAYS, RUBBER CHEMICALS

Interest Rates Up

Realistic attitude shown in bidding for Pacific T. & T. bonds is about the only bright spot in new issue market.

The new issues market continues a pretty listless affair, with sizable portions of many offerings (BW—Oct. 12 '46, p. 54) still not properly distributed.

October, however, has revealed a few bright spots. Encouraging, for example, was the reception accorded the recent offering of \$75,000,000 Pacific Telephone & Telegraph Co. debentures for which competition was keen. Syndicates headed by Morgan, Stanley & Co. and by Chicago's Halsey, Stuart & Co. put in an appearance, and the former group nosed out its rival with a bid netting the seller about 60¢ more per \$1,000 bond.

• **Realistic Bidding**—It was noticeable, however, that both groups had adopted a realistic attitude when figuring up the new issue's probable value under today's market conditions.

Each bid entered stipulated a 2½% coupon rate, compared with the 2½% rate designated in the winning bids a few months ago when the parent American Telephone & Telegraph Co. and another Bell System subsidiary, Mountain States Telephone & Telegraph, sold similar 40-year debentures.

The bid that won the latest offering permitted its subsequent public sale at a price giving buyers a yield of 2.74%, compared with the 2.59% and 2.55% of the two previous Bell System issues.

• **Bonds Move Quickly**—As a result of Morgan, Stanley's realistic pricing, the Pacific offering was quickly oversubscribed. The issue is now selling at around 104% of par, compared with its initial 103½ price tag.

American Telephone & Telegraph executives haven't overlooked the firming in interest rates. When the company registered with the Securities & Exchange Commission last week the \$351,000,000 issue of new 15-year convertible debentures, which it proposed recently, it revealed that the bonds will bear a 2½% interest rate instead of the 2% originally planned.

• **Premium for Heinz**—Similarly helping to raise underwriting morale was the subsequent Morgan, Stanley offering of 100,000 shares of H. J. Heinz 3.65% preferred and 200,000 shares of that company's common stock. This was an unqualified success, due to proper pricing and the Heinz reputation. Because of subsequent steady demand for the issues, the preferred is now selling some \$3 above the original asking price of \$102.75 and the common about \$2.50 above its initial cost of \$41.

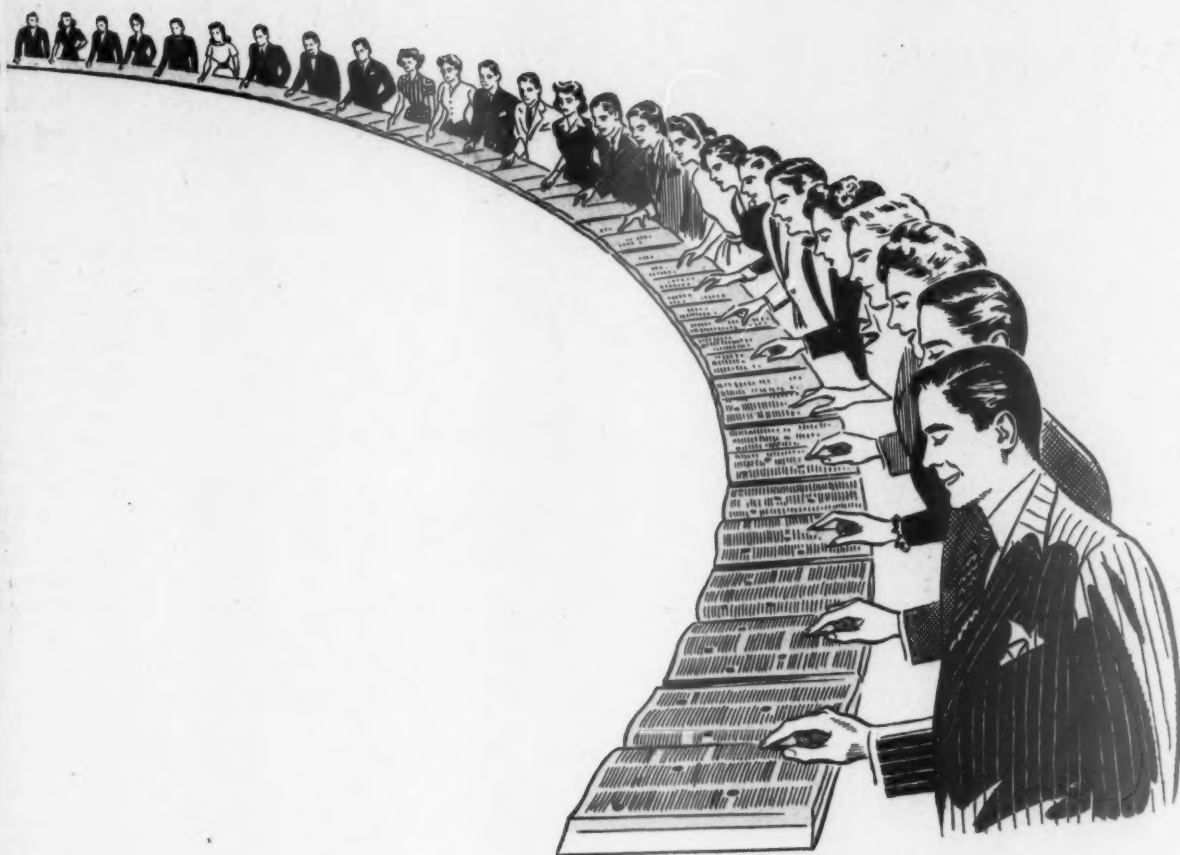
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Why do MILLIONS use the Classified?

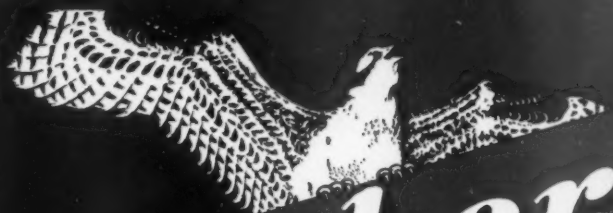
Because the 'yellow pages' provide easy-to-find information that really makes shopping easier.

"Purchasing Agents" in home and business have long made a habit of turning to the 'yellow pages' in local Telephone Directories. They find dealers in branded products and authorized servicemen for home and office appliances. They know that a glance in the Classified will save them time and trouble.

The 'yellow pages' are convenient for quick use in homes, offices, factories and at telephone pay stations across the nation. They are kept busy by housewives, executives, purchasing agents and many others finding the products and services needed.

In cities and towns all over the country more than 20,000,000 Classified Telephone Directories are always on the job. They perform a real public service.





Fisher
PLASTICS
CORPORATION

**Mr. Manufacturer: FACTORY CAPACITY AVAILABLE
FOR EVERY TYPE OF PLASTIC CONVERSION**

**COMPRESSION, INJECTION, TRANSFER AND EXTRUSION MOLDING . . . HIGH
AND LOW PRESSURE LAMINATING . . . PLASTIC FILMS AND COATINGS . . .
VINYL SHEETINGS . . . ELECTRONIC HEAT SEALING.**

From fishing rods to fabrics — plastic parts to finished products . . . FISHER
PLASTICS is prepared to handle your work in every type of plastic with every
known means of fabrication.

Whether you need lustrous new packages and glamorous products of high
consumer appeal for the retail trade . . . or rugged, economical plastic parts
for your machine . . . we can supply the manufacturing know-how and skilled
craftsmanship which can speed your work straight through from formative
stage to completed product.

A complete plastic service . . . engineering, design and mold-making . . . is
available to you "under one roof". We thrive on "tough" problems. Write us
yours. A telephone call or letter will bring prompt, personal, expert advice on
your plastic problems — without obligation, of course. Write to Dept. B.



FISHER PLASTICS CORPORATION

78 ARLINGTON STREET · BOSTON 15, MASSACHUSETTS

MARKETING

Trading Area Formula

Problem of determining extent of a community's potential market outside city limits increasing in importance. Equation developed at University of Illinois helps define limits of this zone.

When marketing pipelines are again full of goods, when the present sellers' market becomes a buyers' market, the question "Where are the customers coming from?" will once more take precedence in retailers' minds over "Where are the goods coming from?"

• **Sales Area**—An important source of customers for any city is the surrounding suburban and rural area which depends primarily on that city for its major retail purchases.

But how is a retailer to determine the extent of this area in his particular case? How is he to know whether a large enough proportion of his sales is being made to residents of these outlying districts? To what extent should he attempt to compete with retailers in other nearby primary markets?

• **A Solution**—To help solve such problems, Dr. P. D. Converse, professor of marketing at the University of Illinois, has done considerable research on a "law of retail gravitation," the chief purpose of which is to determine how two primary markets should divide the trade of the area lying between them.

The mathematical equation which Converse uses to arrive at the answer to that question depends on just two factors—population and distance. The basic theory is that "two cities attract retail trade from any intermediate point . . . approximately in direct proportion to [their] population . . . and in inverse proportion to the squares of the distances . . . to the intermediate point."

• **On the Nose**—How accurate the equation's predictions can be was shown by a recent case study that Converse conducted in Illinois. The town of Clinton, with a population of 6,000, lies between Decatur and Bloomington. The equation indicated that its out-of-town buying of fashion goods should go 64% to Decatur, 36% to Bloomington. A subsequent marketing survey credited the prediction with a perfect bullseye.

Converse doesn't expect the law to square so exactly with retail sales in every market, but he has little fear that his equation will ever go completely haywire. The law works best when primary markets are spaced from 20 mi. to 75 mi. apart, and when there is

considerable difference in their size.

• **Exception**—When this latter discrepancy becomes too great, however—when the population of one city runs 15 to 20 times that of the other—a form of diminishing returns (adverse to the larger city) sets in. In determining trade areas for Chicago and St. Louis, for example, Converse found it necessary to use the cubes rather than the squares of the distances involved.

Converse developed his equation to give a quick, easy solution to the problem of determining the extent of a city's trade area. Even though he uses only the two major factors of population and distance, a complete appraisal of the economic problem involves a number of other factors.

• **Other Factors**—Poor roads, traffic congestion, or lack of parking facilities for instance, will cut heavily into a city's retail potential. It has been estimated that a 25¢ toll bridge will cut five miles from the radius of the

trade area, on the assumption that driving costs 5¢ a mile. Availability and convenience of public transportation, both to and from and within the city, are important factors.

Since a major part of family shopping is done by women, the number of women's fashion shops—dresses, hats, furs, accessories—and the quality of the goods they offer are important. And the income level of the city's residents enters the picture here as a determinant both of the number of stores (and hence of the variety of choice), and of the quality of goods sold.

• **Applicability**—These factors are of considerable importance to a retailer who wants to know why he isn't getting the amount of business from his city's trade area that the formula indicates as his share, or who would like to expand that share at the expense of competitors in other nearby primary markets. They would also be important to a chamber of commerce interested in enlarging its community's trade area.

How important this can be is shown by a study prepared for the University of Illinois by Converse. The trade area around a hypothetical market town measures 452 sq. mi., and has a diameter of 24 mi. If neighboring markets cut only 4 mi. into the competitive zone, the area would be cut by 56%. On the other hand, a 4-mi. extension would enlarge the area by 78%.

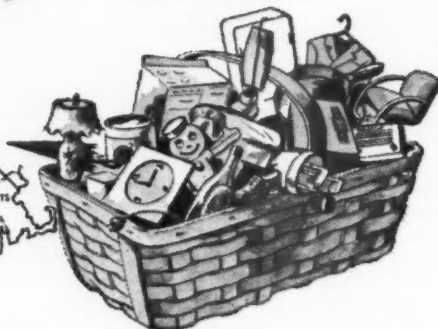
• **Can Be Changed**—Of course the primary factors—population and dis-



OUT ON A LIMB

Though nylons will probably get scarcer before they get plentiful, publicity-wise Gotham Hosiery Co. last week introduced a new sales come-on—tattooed hose so sheer (20 denier) that the design appears inscribed on knee or ankle. It's all part of the trend toward ultrasheerness.





OVER 24 MILLION PEOPLE with a 15 billion dollar annual market basket live within 250 miles of any part of the State. Sales management recognizes the tremendous wealth of buying power concentrated on the Eastern Seaboard. A New Jersey plant or warehouse location will put you closest to the most people with the most money to spend.

NEW JERSEY, linked with Metropolitan New York on the northeast and with Philadelphia on the southwest, is the heart of a retail trading zone of 16 million people who draw heavily on the products of its industries and its channels of distribution. This is a high-income market equal to the combined trading areas of Chicago, Los Angeles, Detroit, Boston, Cleveland and Milwaukee.

A 500-MILE RADIUS will encompass or intersect 19 states and the District of Columbia, including the entire New England market—a total of 68 million people who last year accounted for 49% of nation's \$74,646,000,000 retail sales.

NEW JERSEY is the corridor to America's premier market—the hub of the Atlantic Seaboard—the

artery of North-South-West transportation — the tidewater gateway to exports and imports. A mighty network of railroad tracks, deep-sea waterways, ocean harbors, terminals and warehouses, airports and modern highways contribute to the greatest concentration of transportation facilities to be found anywhere in the world.

IN YOUR MARKETING PLANS for tomorrow, consider the strategic advantages of a New Jersey location and the many small, uncrowded communities that provide ample areas for decentralization.

**NO individual or corporation
state income tax**
• **NO state sales tax.**

WRITE FOR YOUR FREE COPY. "New Jersey—Mighty Atom of Industry" is factual. It will help you evaluate the advantages of a New Jersey location based on graphic comparisons with New York, Pennsylvania, Massachusetts and Connecticut—the "Industrial Big Five" of the Atlantic Seaboard.



NEW JERSEY

MIGHTY ATOM  OF INDUSTRY



Once again, Libbey Glass Co. quaffs a generous promotion draught from its much-exhibited \$25,000 cut-glass punch bowl—reportedly the world's largest. Libbey's general manager, John H. Wright (left), and John R. Denman, who hand-cut the bowl 42 years ago, display the medal it won at the St. Louis 1904 exposition. Now it is in fact a museum piece—Libbey's gift to the Toledo Museum of Art.

tance—are not susceptible to change, but the secondary factors are not so inflexible.

A chamber of commerce interested in enlarging the trade area, for instance, could do something about relieving traffic congestion, providing better roads, operating parking lots, improving public transportation facilities. Or a department store, anxious to attract customers from a wider area, could improve the quality or the variety available in its women's fashion departments.

With prices of many products popping up as fast as ceilings go off, some companies are making news by refusing to obey that impulse—for the time being, at least. Two that did so this week are S. C. Johnson & Co., Inc., and Wm. Wrigley Jr. Co.

Johnson, citing increased production costs on its waxes and polishes and the fact that some competitors had raised prices, said that "with our sales increasing so satisfactorily, we believe it is much sounder to absorb these increased costs ourselves rather than to contribute to the ascending spiral of price increases which will inevitably result in decreased demand for the goods on which prices have been raised."

Plain-talking Phil K. Wrigley wrote his 800,000 dealers that Wrigley con-

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PUTTING THE BRAKES ON BREAKAGE

**Sun Engineer Increases Tool Life in Automotive Plant by over 400%
Ends High Drill-Breakage**

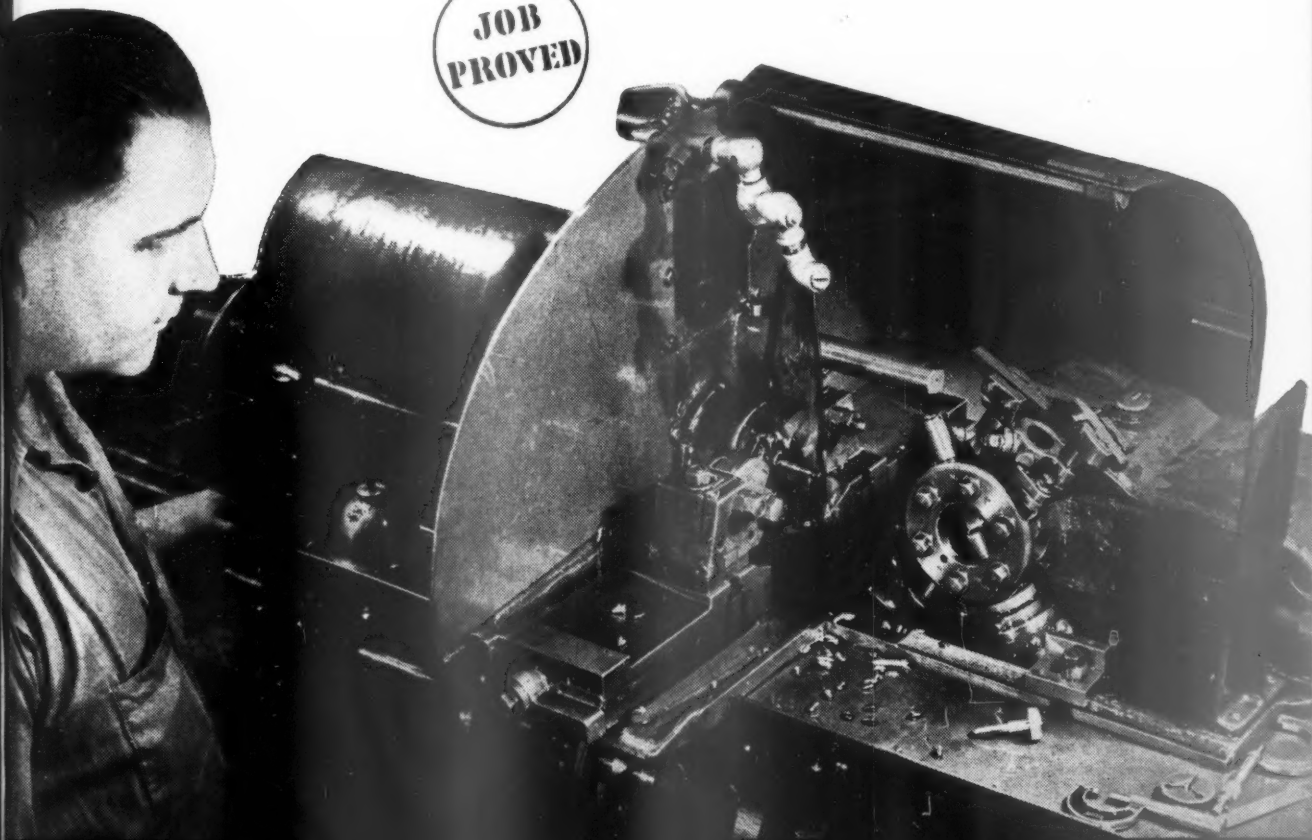
Broken drills . . . broken production promises . . . frequent regrindings of tools . . . poor finish on stainless steel parts . . . these were chronic headaches for a big automotive supplier.

A Sun Engineer recommended they change to a special Sun cutting oil for the automatic machines that were causing the trouble. Right away—though the factory superintendent said he couldn't believe it possible—tool life shot up over 400%. Drills, reamers, and other tools that formerly had to be ground after every 75 pieces now last for 380 pieces.

This is a typical example of the way in which Sun Engineers lend a helping hand to the manufacturer who is shooting for more production . . . greater precision . . . a fair profit.

And Sun savings are not limited to machine shops. Throughout industry . . . in steel mills, textile mills, chemical plants, power plants . . . in the processing of rubber, ink, leather, paint . . . wherever petroleum products are used . . . the Sun trade-mark and the Sun Engineer stand for higher production at lower costs.

SUN OIL COMPANY • Philadelphia 3, Pa.
Sponsors of the Sunoco News-Voice of the Air—Lowell Thomas



SUN INDUSTRIAL PRODUCTS



Yes, when one businessman asks another: "Which company will do the best job for me on all insurance covering employees?"...

The most frequent answer is: "The Travelers."

WHY?

Because it means better handling of all the complex and varied forms of employee insurance. Travelers men are experienced and have the background that can be found only in an organization which pioneered in Workmen's Compensation and Group Insurance.

Because lower insurance rates, as well as employee and public good will, often result from the safety engineering and sickness prevention services of The Travelers.

Because you and your business organization benefit from the intelligent handling of employee claims. The broad ex-

perience of Travelers claim men is a definite help to you at all times. The Travelers country-wide organization may be of untold value at any time. These Travelers claim men each year pay more than half a million employee claims which involve injury, illness, death, surgery, and hospitalization.

Because a plan that meets your business needs now, and that can be revised from time to time as these needs or conditions change, can be developed best by your own insurance broker or a Travelers agent, working with the specialized experts of The Travelers.

On *all* forms of Employee Insurance, you will
be well served by *The Travelers*

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford, Connecticut.



templated no price increase. He explained that "any change that our distributors could stand without upsetting the 5¢ price structure would not take care of our present inflated costs. Five cents and a package of gum have always gone together in the minds of the consuming public that we both have to rely on for our business in the long run."

P.K.'s ruling will be backed up by adding the price mark, 5¢, to all Wrigley advertising. This action reflects the example set by Wm. Wrigley Jr. himself who, after World War I, advertised his gum as "Before the war, 5¢; during the war, 5¢; after the war, 5¢."

MAIL ORDER IN REVERSE

Mail-order companies, which originally tailored their operations to rural markets, years ago began opening retail stores in cities and small towns, to keep pace with a population steadily going more urban. Now department stores and specialty stores are reversing that trend by building up a mail-order business, but for different reasons: to broaden



THIS CHANGING WORLD

Customers on the main floor of San Francisco's relatively conservative O'Connor, Moffatt & Co. store glanced up last week, realized that tradition had given way to transition. Models atop the counters were no longer of wax but of flesh and blood, to lend verve to a sale of bathing togs. Customers remembered that the old order had begun to change when the staid emporium became another link in the R. H. Macy & Co. chain (BW—Jul.14'45,p32).

I don't mind work. But I am sick and tired of fighting winter.

Idle machines—because men can't get to work . . .

interrupted shipments—in and out . . . increased fuel costs.

So help me, I am going to

look around for a plant

location where snow, sleet

and ice are conspicuous only

by their absence. * * * *

Here in Georgia a mild

climate allows uninterrupted

production the year-round. Plant construction costs less.

Fuel costs are lower. Here you will find abundant raw

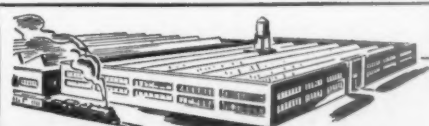
MR. JONES DECIDES TO DO SOMETHING ABOUT THE WEATHER



materials, plenty of good soft water, excellent transportation facilities, dependable electric power at low rates, an ample labor supply—99% native-born. You will find, too, a widespread spirit of friendliness, mutual respect and confidence between workers and management. In Georgia a friendly people and a friendly climate smooth the way for profitable operation.

In many of Georgia's excellent small towns where there are no large industries, you will find an ample supply of intelligent, adaptable, friendly workers. Our staff of industrial engineers has assembled accurate data on favorable industrial sites for specific lines of manufacture.

Address Industrial Development Div.,
GEORGIA POWER COMPANY,
Atlanta, Georgia



**PLANT the Future in
GEORGIA**



AMPCO METAL

**eliminates delays caused
by metal shortages . . .**

**The ferrous metal shortage is *another* good reason
for using Ampco Metal and Ampcoloy Bronzes**

*Here are
3 big
advantages*

- 1** It's easier to get than ferrous metals today, and adaptable to many applications.
- 2** Increases service life of parts as it has high physical properties, excellent wear characteristics and corrosion resistance.
- 3** Increases the value of your product through longer life, better performance, and increased service values.

You can convert the ferrous metal shortage from a handicap to an advantage by specifying Ampco Metal or Ampcoloy for parts now made of iron or steel. Avoid the production slow-down caused by limited materials and priority restrictions; give your product the extra quality afforded by Ampco Metal and Ampcoloy Bronzes.

This aluminum bronze alloy is characterized by its structural uniformity and superlative wearing qualities — can be produced by centrifugal- or sand-casting, extrusion, or forging processes according to your requirements. Ampco offers complete facilities.

Ask your nearby Ampco engineer to help you select the right grade for your requirements. Write for Bulletin 72.



A-33 The Metal without an Equal

AMPCO METAL, INC.

DEPT. BW-10 • MILWAUKEE 4, WISCONSIN

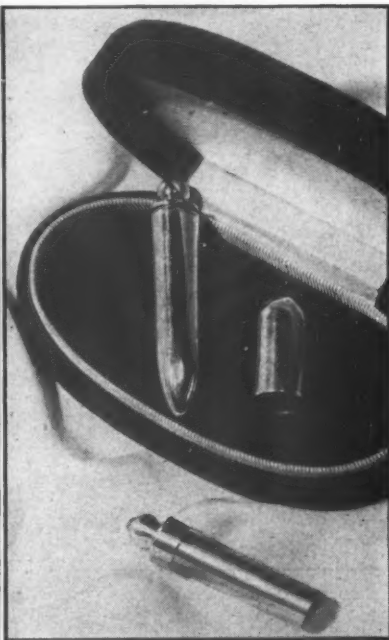
Field Offices in Principal Cities

their market and provide a cushion during harder times.

One of the retail firms going into mail order is Salle Ann Shops, Inc., of St. Louis, a 15-year-old company operating 38 women's and children's specialty shops in Missouri, Texas, Louisiana, and Illinois. M. A. Steinback, Salle Ann's president, is making his plans for the new project in terms of nationwide distribution by mail.

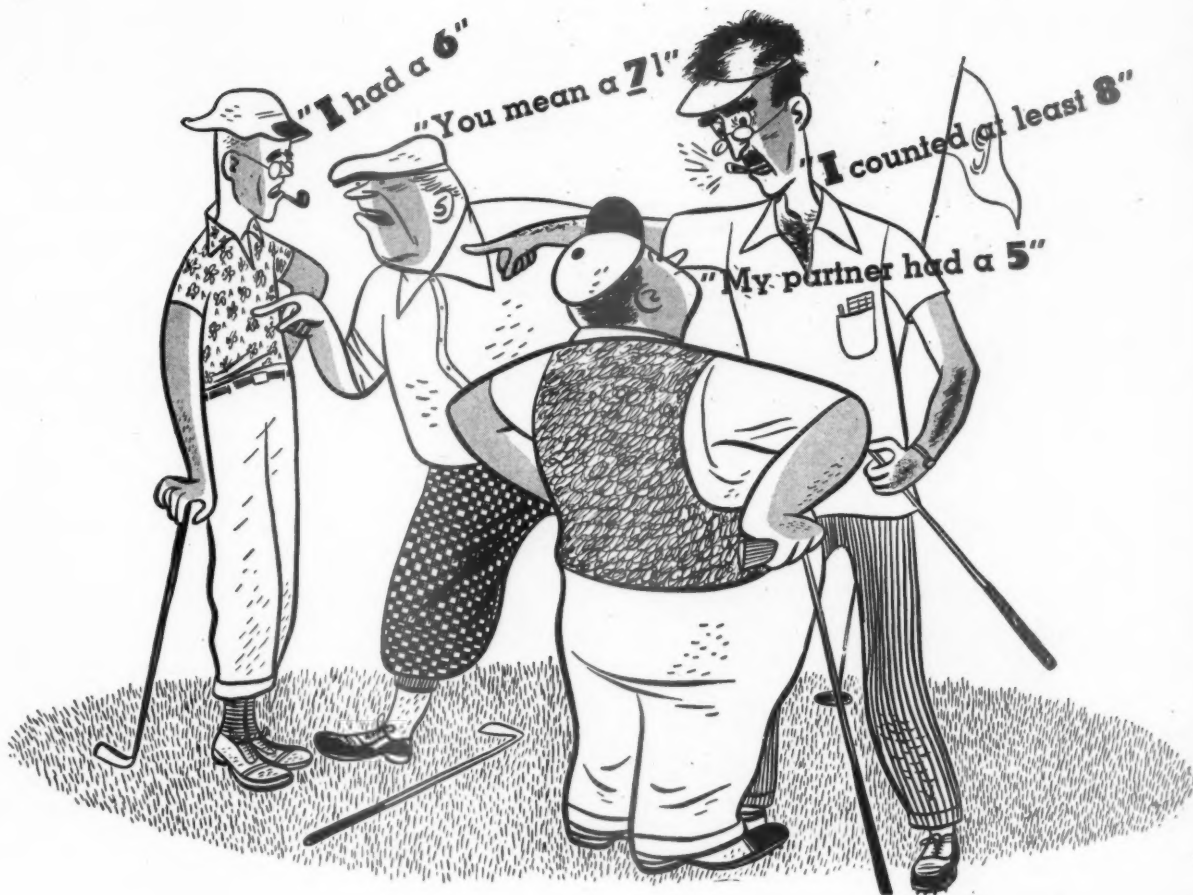
The company's popularly priced garments (dresses, \$5.98 to \$24.98; suits \$15.98 to \$69; and gowns \$2.98 to \$10.98) will be in much the same price range as those of its big, well-established competitors, Montgomery Ward & Co., Sears, Roebuck & Co., and other catalog houses. Steinback plans to put his stake in the newness of his fashions, made possible by his smaller, and hence more flexible, operation.

Salle Ann will promote this new mail-order business through distribution of



IT LASTS—UNDERWATER

Ladislau Biro, the inventive Hungarian who first loosed the ball-bearing pen upon an unsuspecting public (BW—May 26 '45, p93), has come up with another one—a perfume dispenser based on the same principle. To be nationally advertised, the gold-plated unit will sell for \$20; extra reservoirs of perfume will be available. Biro, well aware of similar devices on the market, is basing his hopes on the perfume itself which, compounded without alcohol, comes in four fragrances, is reportedly bath-resistant.



Here's the **least** of your troubles...
when you don't keep everything under **"CONTROL"**

On the green, an argument over a few strokes more or less is not too serious (or is it?). But let an argument flare up between a manufacturer and a customer over performance figures—when there's a question whether the product has fulfilled its guarantee—and there you have something *mighty serious*. Especially if there's no acceptable proof on either side. *Then the guarantor has everything to lose.*

And that's one reason why so many builders of so many different types of products are building-in Veeder-Root *Countrol* as an integral feature of design. *Other reasons:* Added utility, new sales appeal, new convenience and savings for users. But what's *Countrol*?

Accurate "Facts-in-Figures," supplied by a standard Veeder-Root Counting Device, and related either to elapsed time, or to time-interval remaining (see the interesting instance* below). Where can *Countrol* be applied? To practically any machine, product or process operated mechanically, electrically, or by flow.

See a Veeder-Root engineer. He'll

help you to get a guarantee witness you can count on... and also to find, in your product, some new merchandising feature that you had never counted on. Write.

VEEDER-ROOT INC.

Hartford 2, Connecticut

In Canada: Veeder-Root of Canada, Ltd., Montreal
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The Counting House of Industry

Veeder-Root COUNTROL in JET PLANES

*Interesting instance of limitless adaptability of V-R *Countrol* is this *special* counter developed to show jet pilots how many gallons of fuel they have remaining in their tanks at all times. Counter subtracts from original number showing total gallons when tank is full.



Don't Walk



Get anyone you want—anywhere in your organization—with no more effort than it takes to press a button and talk. That's right . . . just press a button and "AMPLICALL" for smooth, effortless communication.

Don't Wait



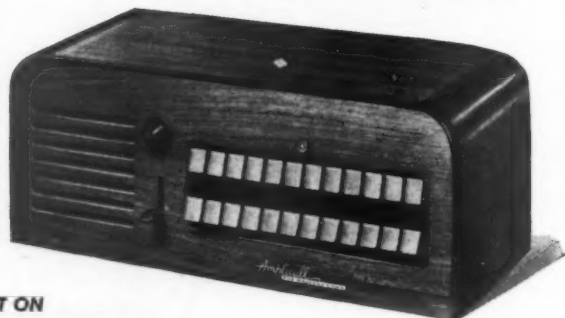
Why should you? Business won't! Just "AMPLICALL" for Johnny-on-the-spot action. Direct . . . instruct . . . confer whenever the need arises. Do it the AMPLICALL way . . . now . . . immediately.

Don't Waste



Errors, delays, badly used time cost money. Wipe out waste—just "AMPLICALL" to set procedure straight, to prevent costly confusion, to reduce misdirected effort and wasted energy.

Just **AMPLICALL!**



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The unit illustrated is the W200 Series AMPLICALL which provides facilities for up to 24 master stations, permitting as many as 12 conversations to be carried on simultaneously. Fast, easy operation; crystal-clear speech; private, too, if you wish. There is an AMPLICALL Electronic Intercommunication System to fit your special needs. Write us today for complete information.

To order and organize plant and office activities . . . to supervise your personnel with a minimum of effort . . . just "AMPLICALL"—press a button and speak instantly to the person you want . . . without walking . . . without waiting . . . without wasting.

AMPLICALL is the modern Electronic Intercommunication System that keeps business organizations working at top efficiency. It saves time and effort, minimizes errors, takes the load off jammed switchboards, prevents the actual money loss of old-fashioned wasteful methods. For modern executive control, just "AMPLICALL!"

Electrifying is our business

RADIO • RADAR
SOUND

Rauland

COMMUNICATIONS
TELEVISION

THE RAULAND CORPORATION • CHICAGO 41, ILLINOIS

monthly catalogs and by national advertising in women's magazines and movie magazines. The company is opening several new retail stores, in addition to its mail-order venture.

AID FOR BUSINESS FILMS

For businessmen mulling over the idea of producing a film, two sources of help popped up last week:

The Assn. of National Advertisers released a survey, New Horizons for Business Films.

Film Counselors, New York City, established itself as a specialized advisory service to function in film production in much the same way that an advertising agency functions in advertising.

A.N.A.'s study of 59 of its member companies having current experience with movies disclosed that 83% of them use movies for product promotion, 70% for institutional advertising, 57% for sales training, 57% for school showings, and 35% for the education of their employees.

The survey also includes an examination of the methods of distribution used, what movies cost, an evaluation of the results, and nine case histories of the movie and slide film experience of such A.N.A. members as Aluminum Co. of America, Caterpillar Tractor Co., and the Seven-Up Co.

Film Counselors offers its clients three major services: surveys to study possible application of films to advertising or training problems, supervision of film production, and planning for film distribution and utilization.

FTC ATTACKS DRUG SALES

Looking forward to the day when buyers again call the tune, the Federal Trade Commission last week started proceedings against alleged misrepresentation of prices in the annual "one-cent sales" and "factory-to-you" sales of United-Rexall Drug Co., Inc., and its chain store subsidiaries, Liggett Drug Co. of Boston and Owl Drug Co. of San Francisco. These sales are top-ranking merchandising events in the drug industry.

According to FTC, ads for "factory-to-you" sales represent that the consumer buys at the factory price without retailer profit when, in fact, there is a retail profit.

In the case of the "one-cent sales" it is alleged that in selling two of an item for 1¢ more than the price of one, the company misrepresents the "regular" price. Actually, according to FTC, the prices advertised as "regular" are higher than those usually charged. The complaint lined up with FTC's philosophy on use of the word "free" (BW-Mar.23'46,p88).

Atlas Products Play a Big Role in Turning Out Finished Consumer Goods



1. Special finish on oil burner 2. Activated carbons used in purifying soft drinks 3. Lacquers for cabinet finishing 4. Coated fabrics for furniture 5. Emulsifier in wall paints 6. Coated fabrics for bookbinding 7. Emulsifier in hair dressing 8. Cosmetic conditioners

DO NOT think of Atlas Powder Company merely as a big producer of industrial explosives. Explosives making, to paraphrase a famous saying, is only the beginning of Atlas' producing activities. Consider a familiar scene and identify the consumer goods in which Atlas products are used in processing and manufacturing.

You see, the Atlas experience extends deep into chemicals, fabrics and other related fields—has played, and continues to play, a leading part in developing and improving literally hundreds of products. From this experience has emerged a huge stockpile of tested ideas applicable to a broad range of industries. Would you like to modernize some process, improve some technique, make some particular product more popular? Atlas resources are at your command. Our technicians will be glad to work with you.



ATLAS

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Activated Carbons • Industrial Chemicals

can advertising push your

MATERIAL COSTS

LABOR COSTS

When the Curve Is

UP

The question of whether sound advertising can assume a heavier share of the load of cutting the unit cost of sales is explored in greater detail in a new McGraw-Hill booklet, "When The Curve Is Up." Ask your McGraw-Hill man for a copy or write for it on your business stationery.

cost curve

DOWN?

● With costs for materials and labor chasing each other up and up and up . . . with constant economic and political pressure being exerted to keep prices down . . . where can a manufacturer turn to avoid the resultant profit squeeze?

Each page torn from your calendar brings the day of a buyer's market closer . . . the day when unit selling costs *must* be pushed down to compensate for higher production costs. We believe that day can be prepared for—now.

Of course you are doing all you can to increase worker productivity by further mechanizing the manufacture of your product. What better time than right now to examine the possibilities of further mechanizing the manufacture of an *order*?

Well directed advertising has already shown itself to be a capable, efficient tool to help your sales force do this job . . . faster . . . at lower cost . . . than any other known method.

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PUBLISHING COMPANY, INC., 330 West 42nd Street, New York 18, N. Y.



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LABOR

U.A.W. Changes Its Tune

Usually militant C.I.O. auto workers phrase a quiet wage policy statement which—for the moment—studiously avoids any mention of strikes, or definite pay increase demands.

The new wage drive launched by the C.I.O. United Auto Workers this week is highly significant. Strangely enough, the usually dynamic and outspoken auto workers began to move in a quiet, almost conservative way.

Their executive board met in Cleveland to settle on wage demands somewhere in the 20-25¢ range, then decided not to set any fixed objective. Nowhere in the policy statement of the board regarding wages was there even an indirect reference to strike action. Mention was made time and again in oral and written statements about "settling disputes around the bargaining table."

• **Union Can't Afford It**—There appeared little doubt but that the U.A.W. was approaching wage reopening discussions with Chrysler with less vigor than it went into the General Motors negotiations and the subsequent strike a year ago. Several reasons were ascribed to this unusual behavior among the militant auto workers.

For one thing, labor analysts figured that U.A.W. cannot afford another big knock-down-drag-out strike of the sort which took place in G.M. last winter, from the standpoint either of financing or of membership backing.

• **Murray Is Heeded**—For another thing, the pacifying influence of C.I.O. is far greater than a year ago in the auto union. In 1945 Walter Reuther was a rebel against Philip Murray's councils in calling out the G.M. workers, but last week end it was Reuther who brought Murray into the meeting and listened to him. As president of U.A.W., Reuther is working much more closely with Murray than he did in the past as aspirant for the top auto union job.

Murray's counsel helped result in the union's abandonment of a set wage advance goal. The board meeting heard discussion of the possibility that C.I.O. might formulate a policy of its own in its convention in November. Equally important, the potent point was raised by Reuther's economic analysts that living costs were advancing so rapidly today that a fixed goal now might be outmoded by settlement time.

• **One Aggressive Spot**—The union's forward plans, in the light of the board's discussions, were not at all fixed. The

impression some board members gave was that the union would simply go into session with Chrysler and ask how much the company would offer as a pay raise to match increased living costs. Subsequently, the union would offer facts and figures to bolster the contention that a substantial advance is justified—not only to match higher living costs, but also to improve worker living standards.

The one aggressive aspect of the auto worker position appeared to be that a simple cost-of-living bonus would not suffice. The drive on Chrysler will go beyond living costs, and will seek to continue to increase the worker's share of the corporate income dollar.

• **Union Demands**—The U.A.W. board, for instance, incorporated into its statement on wage policy demands for:

- (1) Employer-financed insurance;
- (2) A retirement program for auto



C.I.O. President Philip Murray (left) and Walter Reuther, head of the United Auto Workers, stand shoulder to shoulder on wage policy after a conference in Cleveland on second-round pay demands against Chrysler.

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*What's the difference between a mud pie
and mother's best china?*

MUD PIES and chinaware start life in much the same way... but technical know-how gives mother's prized dishes high value.

This technical know-how—amplified and refined by centuries of experience—has made possible the growth of the ceramics and glass industries...brought more and better china and glassware within reach of everyone.

To modern ceramics and glass manu-

facture, Pennsalt chemicals make important contributions. Pennsalt Kryolith, made from natural Greenland cryolite, is a superior flux and opacifier; and, in etching and polishing work, the glass industry uses large quantities of Pennsalt Hydrofluoric Acid.



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When the choice is **1** to **46**

HERE'S HOW IT PAYS OFF!

Power and boiler plant construction involves many separate types of equipment and many specialized building operations. Yet, the efficiency of a power or boiler plant depends upon the ultimate coordination of all these separate elements.

Faced with the alternative of dealing with forty-six separate suppliers, or placing one all-inclusive contract, the recent purchaser of a large boiler plant chose DRAVO single-contract construction and benefited by:

- Reducing expensive supervision and detail
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With a background of years of experience in

contracting, and with a full knowledge of the problems involved in split responsibility, DRAVO employs the *Single-Contract Method* of boiler or power plant construction. Under single-contract responsibility for foundations, super-structure, equipment, piping, and related work, DRAVO has built boiler and power plants for some of the most important industrial, utility, and institutional users.

You'll be interested in Bulletin PD-504 describing typical DRAVO installations. Power Department, Dravo Corporation, Pittsburgh 22, Pennsylvania



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BUSI

workers to augment the government social security benefits;

(3) Joint labor-management study of ways and means of stabilizing automotive production through the year, as a step toward establishment of an annual wage; and

(4) Creation of an equalization fund for all auto plants with wage scales under the national industry pattern, to erase inequities.

• **Others Coming Up**—Notices of wage reopenings are currently being prepared for all other major automotive companies covered by bargaining contracts permitting revisions before expiration. Almost all major contracts except those of G. M. and Ford permit such reopenings.

It did not appear, however, that these discussions would be seriously pressed until determinations are reached at Chrysler. In the light of the rather quiet start to the Chrysler negotiations, there was some belief in Detroit that action on the wage front would not be of major consequence for at least a few months.

• **Taking a Chance**—If they negotiate quietly, however, the union's bargainers—who will be headed by Reuther, making his first big negotiating appearance outside of the General Motors bargaining table—will be risking rank-and-file displeasure and inviting factional sniping which was dormant during Murray's presence at the board meeting. A start of dissident grumblings might speedily change the present picture.

GUIDE TO UNION OPINION

Management is increasingly aware that to keep posted on union reasoning—and to anticipate labor's reaction in any given situation—it must pay some attention to the labor press. Nowhere else are union propaganda lines so clearly drawn, or future trends so well indicated.

To fill the need for a comprehensive digest of the more than 800 labor publications now circulating in the U.S., Huntington Harris of the wartime Office of Strategic Services and Paul M. Lewis, formerly of the Marine Corps, recently organized the General Publishing Co., Silver Springs, Md.

Harris and Lewis offer subscribers a monthly Labor Press Reporter planned to cover the entire content of the labor press for the preceding month (September issue, 62 pages, more than 13,000 separate items) and a weekly interim spot-news release (four pages currently) to keep subscribers up-to-date on changing labor policies. For those who want more details, the editors plan to furnish complete texts on request. Special questions from subscribers will be answered.

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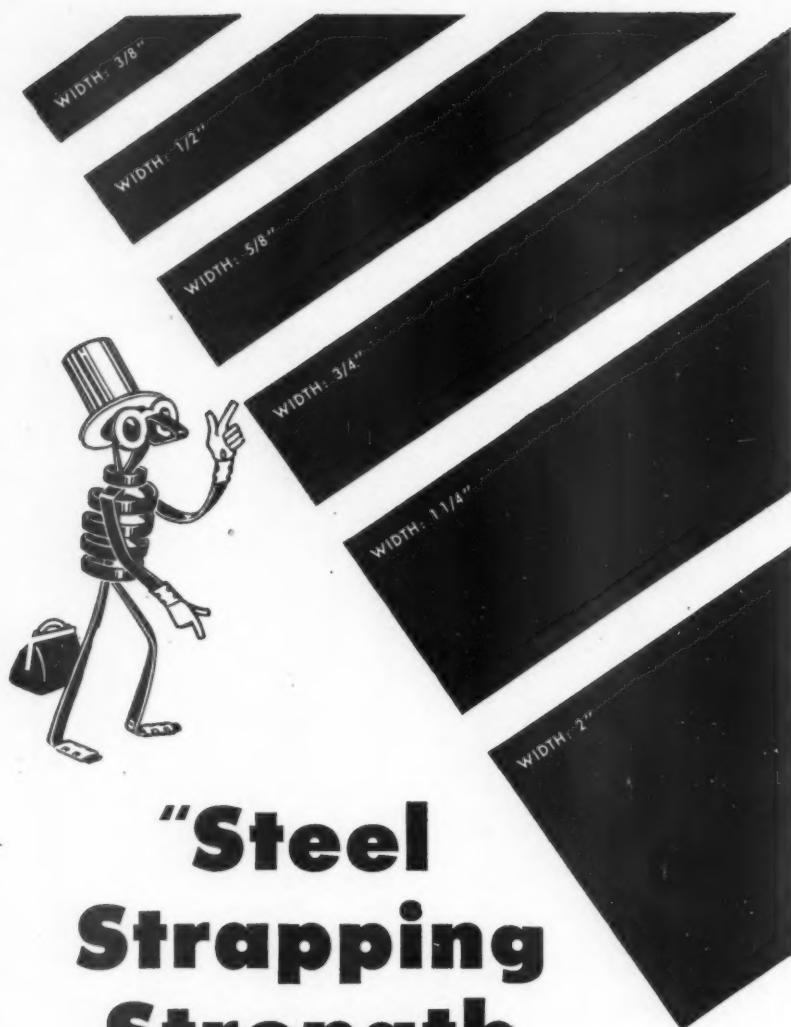
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No matter what products you manufacture and ship, Acme can provide STEELSTRAP in the correct width and thickness to deliver your shipments to customers in perfect condition. You will effect savings in time, labor, materials and shipping costs. Acme specialists, trained in packaging and shipping, tailor their recommendations to meet your individual requirements. There is an Acme office close to you. Write for full details.

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CHICAGO

NEW YORK 7

ATLANTA

CHICAGO 8

LOS ANGELES 11

Toward Normalcy

More wage disputes will be settled locally as Washington influence wanes. Industry-wide pay patterns less likely.

It was just four years ago this month—Oct. 2, 1942—that Congress decreed, for the first time in American history, that an employer could not raise or cut the wage or salary of an employee without government permission. Prices, a companion to wages, had been placed under control some months earlier.

• **Road to Freedom**—Today management and labor are being freed of this yoke that has curbed, if not actually displaced, their wage bargaining. In President Truman's words, we are moving "as quickly as we safely can toward a free economy and collective bargaining."

Termination of wage controls should bring a reversal of several trends which were fostered during the war through the fixing of wages and settling of disputes by agencies of the government. Because of the National War Labor Board, and its successor, the National Wage Stabilization Board, there developed tendencies:

(1) To bring major disputes to Washington for settlement;

(2) To determine wage rates and wage increases on an industry basis, thus encouraging industry-wide bargaining; and

(3) To reduce wage differentials not only between regions of the country but also between job skills.

• **Decentralization**—The larger disputes, such as may develop in the automobile, coal, steel, railroad, and shipping industries, may still be decided in Washington with the assistance of fact-finding boards and the U.S. Conciliation Service. In the case of railroads, it will be the National Mediation Board. Any legislation Congress may pass setting up some national disputes-settling machinery would increase this centralization.

But the thousands of smaller disputes between management and labor, which reached Washington during the war largely because it was there that the court of last resort—NWLB or, later, NWSB—was located, are more likely to be settled in the plant or local area.

As an aid to local settlement of disputes the Conciliation Service has named labor-management advisory committees for each of its seven regions. Each region will have its own list of approved arbitrators, who will be available for voluntary choice by the parties to the dispute (BW—Sep. 14 '46, p104).

Wages settled on a local basis with-

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There's the spot for your new plant! The Gulf South has everything your industry needs—the raw materials . . . skilled, cooperative labor . . . natural gas fuel . . . accessibility to the markets of the world. War industries “discovered” the Gulf South, found agricultural and mineral resources unequalled anywhere, found native labor quick to learn and eager to work, found an abundant supply of low-cost natural gas fuel. War industries built the plants, and trained the workmen . . . now they are *yours* for profitable peace-time operations. Specific information you may require . . . preliminary surveys . . . will be provided at your request.

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Write Director of Industrial Development, P. O. Box 1407, Shreveport, Louisiana

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THE LABOR ANGLE

Primary

In the last two Labor Angles, we have been discussing the recent change in the temper of British unionism and the appearance of new conflict issues—notably the closed-shop demand—on the British labor front. In the explanation of why this pattern is only now emerging on the British scene, after having been familiar on this side of the Atlantic for over a decade, we have found that the socialist ideology which pervades the British labor movement is of much significance.

The long peace in British labor relations was based, most importantly, on the tractability of British unionism—a quality which derived from the relegation of trade unionism to a secondary position as an instrument of social and economic advancement. First claimant on the energy, intelligence, and aspirations of British labor was the Labor Party.

We have had one such experience in the U. S., as a study of industrial relations in the state of Wisconsin will reveal. There, until 1934, the socialist ideology of immigrants from Germany was the prevailing philosophy of organized labor. Until then, the Wisconsin unions, wedded to the theory that important gains for workers could be secured only through basic political change, failed to develop the aggressive habits which are characteristic of the native American labor movement. In the 1934 strike at Kohler of Kohler (BW—Aug. 18'34,p12), Wisconsin labor was "Americanized"; the labor upsurge of the Roosevelt era which reached Wisconsin succeeded in washing out whatever regional differences the American labor movement could display. Wisconsin socialism was submerged by the New Deal, and Wisconsin unionism lost its peculiarities.

Disenchanted

British labor is at last losing its docility on the industrial front in the same way, but for very different reasons. It has now had, for more than a year, the uncontested Labor Party political rule to which it so fervently aspired. And it has found that work in the mines, in the factories, and on the docks is just as onerous, just as unrewarding as it was before. The Labor Parliament does not govern a new Utopia.

Disenchanted British labor is not forsaking its political party to become conservative or communist to any appreciable degree. But bereft of instant, practical benefits from socialism, it has been led to utilize, in a very "American" fashion, trade unionism as an instrument for pounding out immediate gains. And it is for this reason that the British employer is only now having to meet the labor problems which have long been commonplace to his American double.

Thus the "maturity" of British labor appears to have been a fiction. The stability of union-management relations in England, the forms and arrangements of which were so widely admired here, rested on a political nexus which could only exist in a presocialist Britain. The American labor movement will never "mature" into the old British pattern because there is no parliamentary socialist movement into which it can divert its energies.

Unabated

Neither communism nor P.A.C.-ism, the two main distinctive political currents influencing American unionism, has the diversionary possibilities of parliamentary socialism.

The service of communism demands a trade unionism of ultimate intransigence, to the end that the ever-present class struggle which it premises be sharpened to the point of revolution.

P.A.C.-ism is nothing but the old Gompers' maxim, "Reward your friends and punish your enemies," radicalized and systematized into an effort to dominate the Democratic Party. Neither in its original formulation nor in its contemporary manifestation does the P.A.C. philosophy allow for any diminution or abatement of militant trade unionism on the industrial front.

British employers must look to America for a map of the labor terrain into which they are moving; not, as was long supposed, the other way around. The American employer will find the British experience is not much of a guide to the stage to which his own labor relations will evolve.

Next week's Labor Angle, the last in this series, will attempt to indicate the probable lines of long-run change in American labor relations.

out being passed on by a central agency are less likely to follow a national pattern.

• **Fewer Seizures**—The risk of losing a strike will reappear on the unions' horizon now that wartime powers are on their way out and President Truman has indicated his unwillingness to seize private facilities unless the welfare of the nation is involved.

This should be a sobering influence on those union leaders who may be hell-bent for striking, and should also make for varying wage increases, since some unions may accept less without striking than will others who do strike.

• **Wage Reductions**—With the trend toward higher wages continuing, wage cuts do not yet present a problem. So far this year, NWSB has received about 650 applications for approval of wage reductions, an average of about 15 a week. Few were straight wage cuts, most of them involving changes in the method of payment.

MONSANTO STRIKE ENDS

Monsanto Chemical Co.'s three principal plants, closed by strike since June 13, have resumed operations under a settlement granting some of the A.F.L. chemical workers' demands but leaving the union-shop question, the main issue, still hanging. The management has agreed to discuss this further.

The union's demands, submitted last January, called for a union shop, 12¢-an-hour increase, time and a half for Sunday work within a 40-hour week, and second and third shift bonuses of 10¢ and 15¢ an hour, respectively. The new contract provides for an 8¢ increase; regular pay for six specified holidays each year when these holidays are not worked; double pay for holiday work; maintenance of membership without an escape clause; check-off of dues, fines, and assessments; and a company agreement to urge every new employee to join the union.

The strike involved the company's plants in St. Louis, Monsanto, Ill., and Everett, Mass. It was marked in St. Louis by some violence (BW—Jul. 20 '46,p98), and by a company suit against the union for \$250,000 damages and a retaliatory suit by the union for \$1,300,000 in wages lost by the workers. Both suits are dropped under the terms of settlement.

The strike is estimated to have cost the workers \$1,800,000 in wages and the company \$12,000,000 in gross sales. Monsanto is a large producer of aspirin, the principal source of the country's supply of saccharin, and a major producer of industrial alcohol, heavy acids, and chemicals for plastics, paints, and other industrial needs. All of these products have been in short supply since the strike (page 56).

who's a bottleneck?

PURCHASING

RECEIVING

PRODUCTION

INSPECTION

WAREHOUSING

ACCOUNTING

SELLING

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No slam intended, Mac. If you're a bottleneck, it's only because you're frustrated by inefficient forms. Such forms can bottleneck the best efforts of workers in any business.

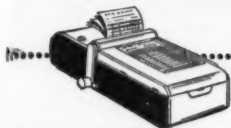
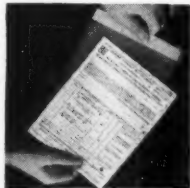
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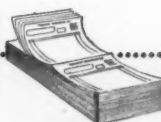
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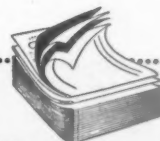
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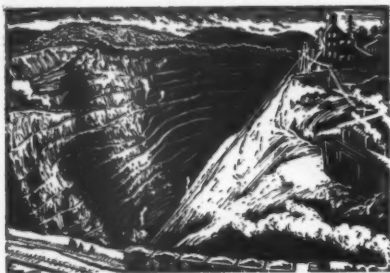
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Arbitration Gains Ground

Duquesne Light settlement opens possibility of establishing such peace machinery in utilities as stepping stone to wider acceptance. U. S. Conciliation Service sounds out power unions.

One segment of industry in which the use of voluntary arbitration or fact-finding boards to settle labor disputes might find the widest acceptance by both sides is the public utility field.

And in no other area of labor conflict would some machinery for resolving deadlocked issues without strikes be more heartily welcomed by a long suffering public which feels the direct impact of utility strikes on its day-to-day activities.

• **Both Sides Reluctant**—Both unions and management, which have widely accepted the principle of arbitration as it applies to handling disputes arising under a contract, have been reluctant to commit themselves to arbitration as a method for settling questions about what should go into a contract. Both believe that "contract writing" by an arbitrator would invade their independent and jealously guarded sovereignties.

Curiously enough, employers oppose such arbitration most strenuously in theory, on the ground that a union could make utterly fantastic demands and an arbitrator would be forced to give them serious consideration. Unions oppose it most strenuously in practice, as was evidenced by the Duquesne Light union's delay of three weeks in accepting the company's standing offer of arbitration.

• **Agency Program**—The U. S. Conciliation Service is trying to sell organized

labor and management on the usefulness of voluntary arbitration or fact-finding as alternative prestrike steps after negotiation and conciliation have failed. The service hopes to wangle an agreement from utility unions not to strike before at least trying to invoke one of these final steps.

The Conciliation Service recognizes that such a pact, if by chance one could be brought about—which seems doubtful—might ward off passage of restrictive strike-control legislation. Such legislation is almost certain to get priority attention from the new Congress which convenes in January.

The Conciliation Service will argue, of course, that this objective would be consistent with its responsibility for trying to prevent, and settle, strikes. It believes that any law which tried to restrict labor's rights would more likely increase the number of strikes.

• **Starter**—As a start, the Conciliation Service is feeling out the unions in the electric power industry. The International Brotherhood of Electrical Workers (A.F.L.), which predominates in this field, is reported to have indicated a tentative willingness to go along with such an agreement. The Utility Workers (C.I.O.) has yet to be soured out on how it feels.

How to get a commitment from the scattered independent unions, one of which organized the Pittsburgh power



Pittsburgh lights came on again Sunday after 27 days of a costly utility strike when members of the Duquesne Light Co. independent union voted (1,197-797) to return to work, and to submit all issues in dispute to arbitration.

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IT TAKES MORE than cooling to keep customers' enthusiasm from wilting*. And Better Air Conditioning, installed to G-E standards, gives you *so* much more. G-E Dehumidification,* Circulation, Filtration, and Ventilation boost your business over the hot weather obstacles of mugginess, drafts, dust, and stuffiness.

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strike, poses a much bigger problem.

• **Schwellenbach Warning**—A warning of what Congress might do was sounded by Secretary of Labor Schwellenbach when he flatly told George L. Mueller, president of the Duquesne Light union, that if the union did not accept the company's offer to arbitrate, Congress might curb the rights of utility unions to strike.

• **Warren Aide**—Edgar L. Warren, director of the Conciliation Service, is relying on Carl Schedler, former assistant director of the service under John R. Steelman, to build up confidence in, and greater use of, voluntary arbitration and fact-finding.

Schedler, who for the last three years has handled labor relations for Torrington Co., bicycle makers of Torrington, Conn., resigned that job to return to the Labor Dept. as a special assistant to Warren for arbitration and fact-finding activities. Schedler may land in Warren's job eventually.

• **Business Suggestion**—Some spokesmen have been suggesting that management reconsider its opposition to arbitration in public utilities or in other types of disputes where the public interest suffers directly. At the same time, they feel that the arbitration machinery must be free from political control.

EMPLOYEE MORALE GUIDE

Increasing labor shortages in months ahead will make industrial management turn again to wartime techniques designed to increase employee morale and productivity, and to minimize labor turnover, absenteeism, and disinterest. Use of employee publications, plant bulletin boards, and other media is certain to be intensified.

A new type of newsletter for management, "The Score," issued by Newcomb & Sammons, Chicago consultants on employer-employee media, offers a guide in making best use of tested techniques.

The first release reported that a recent check of 20 industrial plants in the Chicago area disclosed that in all except three instances bulletin boards were forgotten or neglected, or were used without any set program. Responsibility usually was delegated to overworked personnel managers.

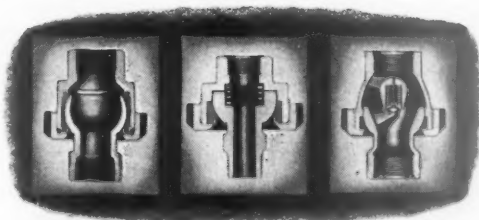
The newsletter advised that bulletin boards should become "a point of daily contact with the employee," hence should be made interesting to him and easily accessible. A checklist of five essential factors for bulletin board effectiveness calls for (1) location near to but not in an area of congestion; (2) use of distinctive color in the board frame and in posted material; (3) variety of materials; (4) frequent changes—every two weeks or oftener; and (5) orderliness.

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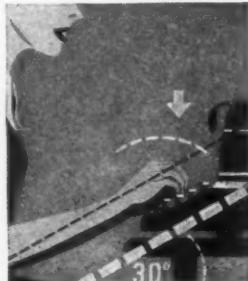


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Correct TYPING TECHNIQUE will increase her speed... lessen fatigue.



FIRST she must be alert, relaxed and comfortable. She should sit upright. Feet should be firm not crossed or wrapped around chair. Good form is important.

HANDS should be in rest position, forearms parallel with keyboard (about 30 degree angle). No pounding, just rhythmic fingering with wrists relaxed.

FIVE O'CLOCK and still relaxed because she uses technique and has a Smith-Corona... engineered for her comfort and easier typing. See the features below.

A MOTION picture executive writes, "Our operators say the Smith-Corona is smooth running, easily adjusted and constructed so as to operate more speedily than any other make." In a large insurance company the consensus of opinion among operators was, "the Smith-Corona is the easiest operating

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Makes typing in columns easy. Single key sets stop for each column. Stops may be cleared individually or all at once at a touch without running carriage back and forth. Simple, fast... speeds work, lessens fatigue.



You'll find it easier with a **Smith-Corona**

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Incentive Boost

Machinists' union paper praises agreement at Apex. Company-union cooperation is key to program's success.

Labor's traditional hostility toward wage-incentive systems is well known. Many an employer has had rosy visions of raising production by linking pay to output deflated by intransigent union opposition.

Consequently when one of the most venerable and influential trade union organs in the country—the national publication of the 600,000-member International Assn. of Machinists—recently splashed a testimonial to a wage-incentive plan all over its first page, there was considerable interest in how far the ripples might carry.

• **Is Worthy of Study**—Headlined "Unique Apex Plan Wins Peak Production," the machinists' article pointed out that mutual trust and cooperation between management and labor in setting up and running an incentive plan has paid off well for both the Apex Electrical Mfg. Co. of Cleveland and 1,300 I.A.M. members employed in its plants. Apex was cited as an example, and lesson, which, I.A.M. said, all persons interested in an answer to labor-management unrest should study.

A similar testimonial came from Clarence G. Frantz, pioneer Cleveland industrialist and Apex president, who prides himself on the fact that most Apex employees greet him simply as "C. G." Frantz credits good relations built up under the Apex incentive program for:

- (1) Current plant production at 1941 peak levels, or better;
- (2) Productivity per worker which exceeds that of prewar years; and
- (3) One of the highest wage rates in the electrical manufacturing industry.

• **Strike's Aftermath**—The Apex program was advocated by F. C. Buchanan, operating vice-president in charge of manufacturing, in February, 1944, as one of a series of policy changes designed to clear up conditions which had led to a plant strike. Through Buchanan, the company invited I.A.M. to consider with it the feasibility of installing an incentive system which would permit workers (whose wages were frozen under wartime stabilization orders) to increase earnings.

To counteract expected union opposition, the company offered the I.A.M. an opportunity to share in setting fair production and pay standards.

• **How It Was Set Up**—Apex had standards outlined by the firm of Stevenson, Jordan & Harrison, New York industrial

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If, after extra long service, steam finally penetrates the inner lining, there is no explosion. A flexible fortification of braided steel wire plies checks the escaping steam, allowing it merely to seep through the tiny perforations. This is an indication that replacement is needed.

Among the important uses of Matchless High Pressure Steam Hose are fire protection in oil refineries, thawing out iron and copper ore, steaming out drums and tanks in chemical, soap and paper plants, giving locomotives a steam bath.

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THE UNION METAL MANUFACTURING COMPANY
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Workers' Strike Views

Industrial workers are convinced that living costs have risen about 30% since the end of the war, and far outdistance wage increases. But only 43% of a cross-section polled in a nationwide survey by Factory Management and Maintenance, a McGraw-Hill publication, expect another wave of major work stoppages in a pressure drive to force new wage adjustments.

Factory found that 65% of all industrial workers think industry can pay a 5% to 20% wage increase now without raising prices, and that when industry settles down to normal operation, and production rises, prices will fall. Only 5% of those polled believed price control would roll prices down again.

Dissatisfaction over the tightening pinch of increased living costs will be the principal cause of strikes during the next year or two, 53% of the polled workers predicted. Another 24% said other wage disputes would be the main cause of new troubles.

The survey showed that 32% of C.I.O. members interviewed had been on strike in the last year, as compared with 20% of the A.F.L. workers and 8% of the independent unionists. About 37% of those in A.F.L. and C.I.O. said they were convinced they could have got their ultimate gains without striking; about 51% said the benefits they won were not worth the sacrifice in lost wages. Yet 57% of the union members said they would vote to strike again if refused new pay hikes.

engineering consultants who had pioneered in setting up a labor-management cooperative time study program for the Murray Body Corp. (BW-Aug. 29'42,p62). Then the company:

(1) Selected, after consultation with the union, six employees, members of I.A.M., to be time-study men;
(2) Financed their training in an intensive six-month course in time study subjects at Fenn College, Cleveland; and

(3) After they had completed training, turned over to them the job of working out and administering operating details of an incentive program.

• **Insurance**—The company agreed to abide by all decisions and recommendations, and allowed additional protection to union members by requiring that time-study reports on each machine

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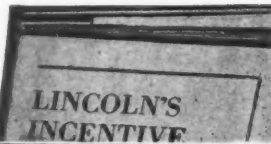
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THE PILOTS CLIMB FOR HIGHER LEVELS

At their own throats—and verbally at each other's—Jack Frye (left), president of Transcontinental & Western Air, Inc., and David Behncke, head of A.F.L.'s Air Line Pilots Assn., at midweek had on their hands the nation's first major airline strike. TWA's worldwide routes stopped cold when 1,400 pilots grounded planes in a wage dispute, claiming that a fact-finding award (BW—Jul.27'46,p101) constituted a wage cut for many pilots. TWA said it raised pay 16.1%. According to the union, pilots receive \$7,600 to \$9,100 annually, now want \$14,244 as a top; TWA says pilots earn as high as \$12,598.

or process must carry the signed approval of the machine operator. In the few cases in which operators have refused to sign, reconsideration has resulted in mutually acceptable decisions. • Pay Rates—Basically, the plan in effect at Apex guarantees a minimum earning rate, and pays a bonus for all production in excess of the "norm" for each process.

Earnings vary from week to week, but production workers in one recent week averaged \$1.55 an hour. The figure has been considerably higher.

• Benefits—As one result, Apex continued full operations during this year's electrical manufacturing strikes and unrest. It has had no major labor disputes which could not be handled within the routine of its grievance machinery.

Absenteeism has been reduced almost to the vanishing point. Labor turnover is low.

• Outgrowths—The success of the incentive program has led Frantz and Buchanan to inaugurate a number of other policies designed to bring union and management into closer cooperation.

Foremen currently are selected, by agreement, from the union's plant executive committee.

When a strike in a Birmingham (Ala.)

supplier plant forced shutdown of the Apex works, the company sent Edward Mills, chief shop steward of the union, to Birmingham to investigate and report to the local on reasons for idleness. Mills went beyond the expected bounds of his mission by aiding in settling the walkout.

When new equipment for the plant cafeteria was requested by the union, the company authorized a union steward to find out what workers wanted, and to buy it.

• Enthusiasm—The union president, Matthew De More, recently told a meeting of Apex distributors the employees' reaction to the entire program, and gave assurances that no strikes need be feared.

"You sell the washing machines, vacuum cleaners, and electric ironers. We'll make them," he assured distributors. "Our union wants to help Apex become the most successful company in the business."

• Other Successful Plans—While Apex furnishes a notable example for the machinists' union of labor-management co-operation in an incentive program, this company is by no means the only one in which a high degree of collaboration has been worked out.

Growing interest in the question of workers' productivity (BW—Sep.28'46,



A WEDDING DRESS WENT INTO HIS ELECTRIC MOTOR

In 1833 Thomas Davenport, a poor Vermont blacksmith, saw an electric magnet drawing out bits of iron from a heap of rubble. Believing that he could apply magnetism to the propulsion of machinery, he bought the device and took it apart to see how it was made. Later when he set about constructing a larger magnet, he was unable to complete it for lack of silk to wind the wire—until his wife gave him her wedding dress!

The following year, still working entirely with electro-magnets, he achieved his

great success. Though few people realize it, all electric motors in the world today derive from Davenport's invention. Today's motors are equipped with anti-friction bearings—many of them made by SKF. For SKF units always insure that shafts are properly centered, uniform air gaps maintained—the rotors staying in the center of the magnetic field—and only infrequent lubrication needed.

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CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

p19) recently prompted the National Industrial Conference Board, nonprofit institution for research in economics and business, to undertake a survey among management and union industrial engineers on whether or not incentive pay plans offer an answer to productivity problems.

• **Cooperation a Prerequisite**—N.I.C.B. found that a number of programs which are working out most successfully were set up with management and union cooperation, and allow the unions a voice in their actual operation.

P. S.

Efforts of A. F. Whitney, president of the independent Brotherhood of Railroad Trainmen, to swing his 218,000-member union into C.I.O. (BW—Jun.22'46,p84) failed recently when convention delegates climaxed heated debate with a vote to reject affiliation with either C.I.O. or A.F.L. The former's president, Philip Murray, a convention guest, offered B.R.T. blanket jurisdiction over all classifications of railroad employees if it would affiliate with C.I.O.

A union boycott against unloading milk at a Kansas City dairy recently was ruled illegal by the Missouri Supreme Court, which held that the right to boycott for coercive purposes—in the Kansas City case to force unionization of milk truck drivers—is not one of the rights guaranteed by the Constitution or by state statutes. Instead, the court held, the boycott constituted a conspiracy to force contract milk haulers to join the A.F.L. Teamsters Union, under a threat of destroying their business.

In a similar case involving the Teamsters, an Oklahoma court enjoined the union from posting picket lines at a store which obtained milk from a non-union dairy. The court held that, since no labor dispute existed between the store management and union, picketing was "illegal and within restraint of trade" as interpreted by the U. S. Supreme Court. The Teamsters Union withdrew pickets pending further legal study of the case.

The NLRB has backtracked in Buffalo from its decision of last week certifying the United Electrical Workers (C.I.O.) as bargaining agent for Westinghouse Electric's new plant in nearby Cheektowaga. Instead, as the result of a protest from the International Assn. of Machinists (Ind.), NLRB certified a local C.I.O. industrial union created jointly by the U.E. and the United Steelworkers (BW—Oct.12'46, p104). U.E. had sought, with C.I.O. sanction, to take over the industrial unit. Despite NLRB's about-face decision, it is probable that the steelworkers actually will bow out of the administrative picture.

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THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

OCTOBER 26, 1946



Business should interpret developments at the U. N. meetings in New York and at the preliminary trade conference in London with a full understanding of the implications in Washington's firm new policy toward the U.S.S.R.

■

Compromising with Moscow—and with its satellites—is ended.

Soviet officials—both in the Kremlin and in the world conferences—will be told bluntly that the western powers will no longer tolerate what amounts to stubborn diplomatic filibustering in international negotiations.

■

A new diplomatic front is to be developed in Europe.

In line with Secretary James F. Byrnes' clear-cut warning that future foreign loans will be limited to governments friendly toward the U. S., you can expect big new credits to be announced in a few days—for Greece, Italy, and Austria.

Amount involved may reach \$150,000,000—will be intended to stabilize the governments and help put them on their feet economically

•

Governments under the thumb of Moscow or not fully cooperative with the U. S. are rapidly being scratched off Washington's loan list.

Poland, Rumania, and Bulgaria will receive no special relief aid when UNRRA ends its activities in Europe on Dec. 31.

Yugoslavia's application for an Export-Import Bank loan no longer has any chance of receiving favorable action.

Hungary, once an area of real solicitude, has recently been told that it cannot count on receiving U. S. credits—at least for the present.

And Czechoslovakia last week suddenly lost its \$40,000,000 surplus property credit, and at the same time Washington broke off negotiations for a \$50,000,000 loan which had seemed virtually settled.

•

A new security front is also in the making.

Without waiting for Moscow to agree to unified action, Washington and London are going ahead with plans for economic coordination of their zones. France will probably fall in line soon.

Surplus property will be placed in German hands under strict sponsorship of the Military Government.

In addition, funds will be supplied to German civilian industry to foster exports.

As rapidly as possible, the German economy is going to be steered in a direction which makes it self-supporting, without again developing a heavy-industry war potential.

•

British troops are in Greece to stay as long as Moscow-inspired border raids are threatened by Yugoslavs or Bulgarians.

Rehabilitation—of transport, air fields, and ports—will be speeded with aid from both Britain and the U. S.

And Athens will be solidly backed in its demand that the strategic Dodecanese Islands be returned to Greece.

The Greek Peninsula is becoming an important bastion—political, economic, and military—for the preservation of the status quo in the eastern Mediterranean.

But Turkey is to become the spearhead of western defenses in the Near

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
OCTOBER 26, 1946

East (BW—Oct. 19'46,p44). Only a start has been made so far with a \$10,000,000 surplus disposal loan and \$28,000,000 of development loans.

War-born airfields will be enlarged and maintained in perfect shape.

World airlines will include Istanbul or Ankara in their Mediterranean networks.

The railroad system will be modernized and enlarged.

Roads will be improved, prepared for heavy duty.

And Ankara officials will be encouraged to stand up to all demands from Moscow for bilateral control of the strategic Dardanelles.

•
Air defenses of the whole Middle East will spread out like a fan across Africa, Saudi Arabia, and the fringes of the Indian Ocean.

Britain's former lifeline through the Mediterranean—based on Gibraltar, Malta, and Alexandria—will be reestablished with new bases in Cyprus and in Transjordan to make up for the loss of Egypt.

A second lifeline—across Africa by road and air, and around the Cape by water—is being rushed.

It is the frank plan of the military in both London and Washington that no time be lost in completing preparations to meet a Russian threat to grab weak countries in the Near and Middle East.

•
All this means enormous demands for equipment and engineering know-how in areas that provided few market possibilities before the war, and that were ignored when the war moved out of Africa and into Europe.

Washington, in recasting its loan program to fit this new diplomatic strategy, inevitably will steer much of this business to the U. S.

•
South Africa, India, and Australia already feel the impact of this new interest in the Indian Ocean.

Capetown business is booming with the steady enlargement of the naval and ship repair base there.

Johannesburg, thriving from the mining rush and expanding local industry, has just placed a \$10,000,000 order in England for two 30,000-kw. generating sets to boost the Orlando power station capacity to 150,000 kw.

•
India is striding into the industrial limelight with bold new plans for economic development (page 113).

Heavy investments are being made by Indian capitalists in commercial ventures in England which later will be moved to India.

One important Indian group, for instance, is behind the British production of the Kendall Gregoire car.

As soon as production is running smoothly and Indian technicians are trained, the plant—or a duplicate of it—will be moved to India.

•
Don't miss the long-term implications in British Foreign Secretary Bevin's speech this week.

Referring to Germany, he said:

"We shall support all German plans for socialization of basic industries.

... It would be nonsense for the Labor government to go ahead with nationalization of heavy industries at home and restore capitalism in Germany."

BUSINESS ABROAD

India Maps Economic Growth

Industrial expansion and agricultural improvement await end of political turbulence. Business leaders ask government aid. U. S. suppliers may have big stake in development plans.

NEW DELHI—As soon as India's political growing pains have been eased, the country can launch extensive plans for economic development which have been drafted by leading industrialists and economists.

Big and important shopping missions which have been surveying the U. S. market for the last three months indicate the role United States suppliers may play in this program. At the same time, nationalistic trends in India portend a tightly regulated import and export market throughout the period of industrialization.

• **Protection Asked**—How nationalistic Indian industry may become can be deduced from one of the plans for the development of India's steel industry, released recently.

This calls for a new mill of 500,000-ton capacity. Eventually, this will be expanded to 1,000,000 tons to bring India's capacity to 2,500,000 tons or 3,000,000 tons. In the short run,

equipping this mill—and others to follow—will be good business for American plants if they succeed in landing the orders.

Of long-run significance, however, is the Indian steel industry's request that the government (1) declare the industry protected; (2) permit a sales price to cover production costs, depreciation, and profits; and (3) purchase or guarantee principal and interest on one-third of the \$80 million of new investment.

• **Indian View**—The report's protectionist proposals are in line with India's qualified approval of United States suggestions for expanding world trade and employment by eliminating trade barriers.

India's commerce minister has gone on record in support of industrially backward nations which oppose tariff reduction as an end in itself. He declared for an Indian policy of enlightened self-interest, including strict con-

Break for Philatelists

Philatelists will applaud a publicity stunt sponsored by Pan American World Airways to call attention to the new foreign air-mail rates effective Nov. 1 (page 42).

• To demonstrate the speed of air-mail deliveries to Latin America, Pan American will conduct a one-day test mailing to 28 southern destinations. Stamp collectors may mail a letter to any capital of South or Central America and the West Indies, and the airline will add additional postage and return the letter by air free of charge. The rules:

(1) Address to "Pan American World Airways System, Airmail Test" in any capital in the area.

(2) Put return address in the continental U. S. on the envelope.

(3) Put on 10¢ postage, the new rate.

(4) Mail on Nov. 1, only.

(5) Mail only one letter to each destination.

• Because Pan-Am is paid for carrying the mail, not all of the cost is out of pocket—it's out of one pocket and (partly) in another.



FAST DELIVERY FOR A PROMISING MARKET

Not all the equipment that India is buying is in the heavy industrial line. A \$1,000,000 shipment of Reynolds ball pens, flown from Chicago on a specially chartered plane, recently arrived at La Guardia Field (above) en route to Karachi, India, for Ralli Brothers, British importers. And though only 10% to 15% of the Indians are literate, this figure represents no mean market for pen makers—in a nation whose population is figured at 400,000,000.

trol of external trade and retention of tariffs to protect infant industries.

Some Indian industries have already been promised tariff protection, and other appeals are before the Tariff Board.

• **Looking Ahead**—India's industries are few and small in proportion to the country's needs and in comparison with those of older industrial nations. But India has plans, even if it now lacks mechanisms and opportunity for carrying them out.

Until midyear, when the Viceroy dissolved it, there was an Indian Dept. of Planning & Development. It had appointed 29 panels—for iron and steel, heavy chemicals, paper and pulp, machine tools, plastics, and ceramics, for instance—composed of industrialists and economists to make recommendations for industry development.

Most of these panels have submitted reports, but only a few have been publicized. It has been alleged that the businessmen who made them are quietly consolidating their own firms within the framework of the secret plans.

• **Successive Schemes**—Much of the groundwork for the Planning & Development Dept.'s policies came from the moribund National Planning Committee, established before the war by the Congress Party.

Subsequently, the All-India Manufac-



The second rail route across the vast Siberian expanse of the U.S.S.R. got a good start before the war when it was pushed as far as the Karaganda coal fields. During the new Five-Year Plan, 1946-50, the Soviets will build 1,100

mi. of road—between Akmolinsk and Taishet—to connect with the old Trans-Siberian. The Far Eastern line to the Pacific running above Lake Baikal is said to have already been completed.

turers' Organization put forward a plan for the development of heavy industries in each of the provinces. But this was mainly an enunciation of policy, and it was left to the government to carry through.

The first and best-known concrete proposal was embodied in the Bombay Plan for a 15-year development of India, on a heavy-industry base (BW—May 20'44,p112), prepared by a group of eight Bombay industrialists. It has not been acted upon.

• **Unity in Diversity**—At the base of the planning heap are scores of provincial and state plans. The provincial plans call for extensive hydroelectric and irrigation projects, rehousing developments, rural electrification, and highway building.

In some of the states—semiautonomous principalities comprising 40% of India's territory and tied to New Delhi and London by commercial and political treaties—the development plans have reached an advanced stage.

Two elements are common to all of the programs. Their preparation was engineered primarily by the same industrial interests, so that a similarity of pattern is evident. And all view central government participation and protection as essential.

• **Corporate Expansion**—With over-all schemes at a complete standstill, individual expansions continue. In recent weeks a company has been formed to operate a rayon plant in which the Tata Industries have a major share. Two new plants to build industrial equipment, an electric light factory, a structural components plant, and an engine factory have been announced. More rayon production is anticipated, and plans have been made to set up a new tire factory with Goodrich participation.

These are spectacular projects, but the formation of many small plants and

factories is expected to go along hand in hand with the larger industrial developments.

• **Long Road**—This trend must be kept in perspective. Of India's 400,000,000 people, only about 1% are engaged in industrial work. Fully 70% of the population now derives its living from the soil.

Per capita income is very roughly estimated to be about 5¢ a day, with rural incomes running perhaps as low as 2¢ a day.

During the war all indexes climbed off the chartbooks, reflecting grave economic maladjustments (August, 1939=100):

Cost of Living (Bombay).....	268
Wholesale prices:	
Farm products.....	304
Raw materials.....	241
Primary commodities.....	277
Manufactures.....	291
Export items.....	254
Industrial raw materials.....	294

• **Agriculture Aided**—India's backward agriculture, hampered by ignorance, tradition, and lack of equipment and incentive, is being gradually improved. Of about 214,000,000 acres under cultivation in British India, 60 million acres have been irrigated and more big projects are under way.

Schemes for resettling demobilized soldiers will ban the traditional division of land holdings among the sons on the owner's death. Fertilizer output is increasing, and mechanization of farms is also being introduced (BW—Sep.7'46,p98).

• **Prime Mover**—It remains to be seen how—and when—the new government will cut across the many local plans by establishing a national development program. Government financing of industry hinges on creation of the proposed Industrial Finance Corp., on lines similar to those of the U. S. Reconstruction Finance Corp.

Index Protest

Faced with public clamor, British ponder modernization of basis used for figuring living costs. Wage rates at stake.

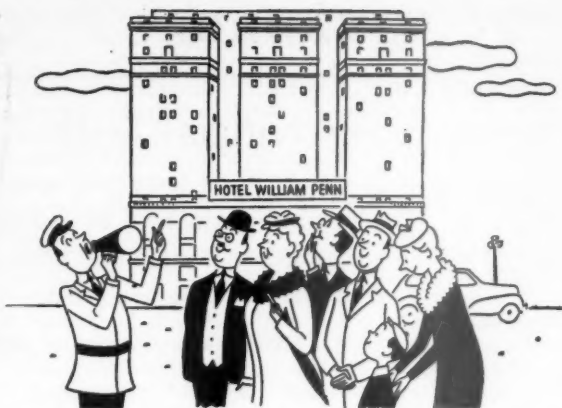
LONDON—Just as has been true in the United States, the British government has been facing a rising chorus of dissent with respect to the reliability of the official cost-of-living index. In response to this agitation, the Ministry of Labor recently reconstituted the advisory committee with a view to considering the basis on which the index is compiled.

• **Food Ratio Drops**—The committee had been set up first in 1936 to consider revisions in the index, in use since 1914, but actually based on a study of working class family budgets in 1904. The committee's findings in 1937-1938 showed that the amount spent on food had dropped from the 60% weight of the old index to 40%. Miscellaneous items which had been weighted at 4% in the original index had gone up to 30%.

But all plans for revision of the index went by the board with the outbreak of war.

• **Basis of Protest**—The index, which had been 55 (almost half of the 1914 figure) in August, 1939, reached 105 in July of this year and stayed there through August, a rise of 94%. In September the index showed a decline to 103.

But labor economists charge that prices actually paid by low-income consumers during the war went up far more than that amount, and there is general agreement that they are not far wrong. They further maintain that, because the index is not representative of pres-



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4. You can see at a glance that the William Penn is right in the center of things. That is the shopping section. There is the business district. And those are the theatres. Practically every place you'd want to go is just a short stroll from the William Penn.



5. And here we are back in the lobby, surrounded by the friendly atmosphere, the feeling of old-fashioned hospitality, the . . . *Hey, come away from that registration desk! Drat it, now they all want to stay at the William Penn . . .* I lose more darn sight-seers that way!



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ent budgets, the government has been able to hold increases in the index far below the actual price rises that have occurred by the institution of judicious food subsidies.

• **Affects Wage Rates**—Right now trade union members are becoming increasingly restive in their demands for revision of the index because the termination of overtime together with the downgrading that has accompanied the transition from war to peace has, just as in the U. S., resulted in lower take-home pay. About 2,500,000 of Britain's workers (13% of all employed persons) are covered by wage agreements in which compensation is adjusted to fluctuations in the index. In addition, changes in the cost of living are used as a standard in many other industries where there is no formal scale for wage increases.

Thus, any upward revisions in the index would be immediately reflected in higher wage rates, and, unless accompanied by corresponding changes in productivity, would mean higher prices. This in turn might seriously affect Britain's terrific effort to increase exports.

• **Nationwide Minimum?**—A union demand for a minimum wage for the entire country would also center fire on the cost-of-living index. Such a program must of necessity be tied in with changes in the index.

On the other side of the question, many union and government officials, while admitting that the present index is definitely in need of revision, hold that changes at a time when buying habits are distorted by still-prevalent shortages would lead only to further maladjustments in the index when normal peacetime patterns of buying prevail again.

CANADA

Provincial Rule

Uniform pattern is sought in labor legislation as federal jurisdiction ends next spring. Unions object to new plan.

OTTAWA—Administration of labor relations legislation in Canada will return to the provincial governments next spring as a result of decisions at a conference of labor ministers of the federal government and the nine provinces in Ottawa last week.

The decision went counter to official union opinion which sought a single nationwide labor relations code, continuing the wartime system under which the federal government assumed jurisdiction.

• **Wide Jurisdiction**—Normally federal jurisdiction in labor legislation covers only works extending into more than one province or declared by statute to be of national importance, such as railways and shipping. The Industrial Disputes Investigation Act covered that field and required submission of disputes to ad hoc boards of conciliation before strike or lockout action.

Under emergency wartime powers, and at the demand of organized labor, the federal government replaced that act with the Wartime Labor Relations Regulations sometimes called the national labor code (BW—Jan. 29'44, p118), modeled on the Wagner Act in the U. S. The regulations were applied to all war and supply industries and,



TO BEAT WEATHER AND TRAFFIC TROUBLE

To protect bus and streetcar passengers from rain or raw off-lake winds, the Toronto Transportation Commission is building snug, glass-enclosed waiting rooms (above) for all terminals in the area it serves. Besides passenger comfort, the off-the-street shelters provide relief for congested traffic.

by agreement, to all industries in some provinces. The regulations made collective bargaining compulsory and set up procedure for certification of bargaining agencies by national and regional labor relations boards.

• **Decontrol Schedule**—Life of the regulations will lapse on Mar. 31, and it is proposed to incorporate them in the Industrial Disputes Investigation Act. Provincial governments in principle have agreed to enact similar legislation to create a uniform pattern covering all industries in the country.

The federal government intends to drop wage and salary control by the end of the present year as a prelude to a speeding up of decontrol on prices. However, the timetable for decontrol was set back by last summer's strikes which prolonged the period of scarcity, but the aim is now to have all controls (except rents) off by the end of 1947.

• **Wage Hike Ordered**—The National War Labor Board last week directed the Canadian Pacific Ry. and other lines which fought railway labor unions' demands for a wage increase to grant a 10% raise in line with the increase recently conceded by the Canadian National Railways.

C.P.R. had pleaded inability to pay, pending an assurance of added revenue which the railways are seeking with an application for a 30% freight rate increase. The board held it was not obliged to investigate an employer's future earnings and ruled that on the basis of its present position the C.P.R. could pay the increase.

• **Labor Settlements**—Last week strike settlements followed one another in rapid succession on the heels of the end of the basic steel strike. Chrysler's Canadian plants at Windsor and Chatham got back to work after one of the longest strikes in the history of the United Auto Workers (121 days). Settlement involved acceptance of the Rand formula (BW—Jan. 9'46, p70) which emerged from arbitration of last year's Ford strike, and requires all employees to pay union dues whether or not members and assures all a vote on strike issues.

One of nine rubber companies tied up got a settlement expected to provide a pattern for the others. The longish Anaconda American Brass strike at Toronto and the Brunner, Mond Canada Sales, Ltd., strike at its Amherstburg soda ash plant were also finally settled.

• **Lumber Walkout**—Only new important strike was called by the Lumber & Sawmill Workers (A.F.L.) against woods operators in northern Ontario but there appeared doubts as to its effectiveness. Operators said only a few men left work. The union claimed 15,000 were out.

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THE MARKETS

(FINANCE SECTION—PAGE 66)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	144.1	148.2	142.5	160.5
Railroad	45.6	47.4	45.8	58.9
Utility	75.2	76.9	73.9	77.8
Bonds				
Industrial	122.1	122.0	122.3	121.9
Railroad	112.3	112.0	112.2	115.4
Utility	110.3	114.1	113.5	115.7

Data: Standard & Poor's Corp.

Market Dull—Prices Slipping

The "decontrol rally" that last week quickly sent stock market prices zooming out of the trading range in which they had been imprisoned for so long soon proved to have few lasting qualities. By Wednesday of this week, six of the last seven New York Stock Exchange trading sessions had revealed profit-taking operations, not buying orders, in the ascendancy and all the stock averages persistently drifting to lower levels.

Probably contributing to this recent reluctance of investors and traders to enlarge their stock market commitments have been the recurrent spells of sharp price weakness disclosed by many commodities, and particularly cotton (page 22).

• **Worried Over Labor**—The sharp gyrations in those trading arenas, however, haven't been the main cause of the recent persistent slipping of stock market prices generally.

Growing apprehension over the labor outlook has likely been the main mo-

tivating force. Judging from boardroom chatter, particularly damaging have been this week's threat of a new soft coal strike, the wage demands soon to be made on the motor and meat packing industries, and fears of many other similar labor-management conflicts once election day is out of the way.

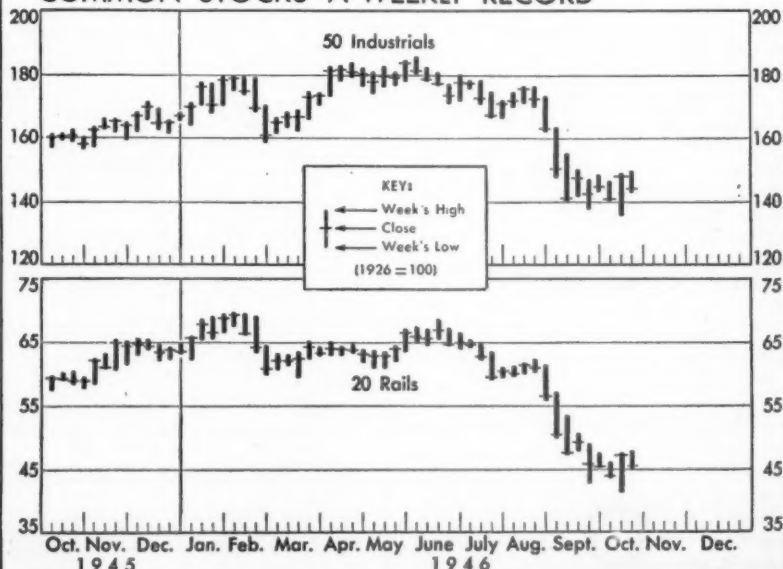
• **Many Issues Suffer**—Acting particularly weak in recent Big Board sessions have been a number of the motor and steel shares. Declines, however, haven't been entirely confined to the issues of those trades and allied lines. Less than 20% of all stocks changing hands on Wednesday of this week were able to move against the downtrend. Wednesday also saw 23 new 1946 lows.

Thus far, however, the daily declines widely scattered all through the stock list have been of fairly moderate size. The persistent drop in prices has likewise been due more to the absence of bids than to any real selling pressure as daily trading volumes lately have been running well under the million-share mark.

In the general business picture several factors strongly suggest that inflation shouldn't be considered an altogether dead issue when stock market participants are evaluating market prospects in the months ahead (page 9). No one realizes this more than many Wall Street market students. However, none is going out on the limb in market predictions currently.

• **An Election Rally?**—It's also noticeable that Wall Street, even though it

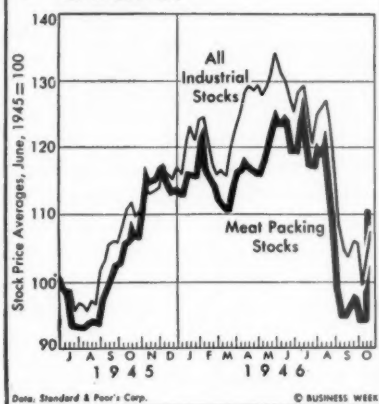
COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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PACKING SHARES CATCH UP



looks for a Republican sweep in next month's election, isn't making any rash election predictions. Neither does it expect any pre-election boom to be engendered by this prospect, despite its favorable stock market aspects.

The Street, in other words, continues cautious in its public appraisals of the near-term stock market price outlook. It does think it is logical to expect an interesting rally if election returns bear out the Republican National Committee's recent boasts. But many brokers, at the same time, aren't certain that such a rally could advance very far. A number of technicians also have strong doubts; they believe any nearby entrance of the Dow-Jones industrial average (now around 170) into the 176-180 area might touch off an overpowering avalanche of selling orders.

Meat Stocks Rise—And Fall

When stock traders on Tuesday of last week started to celebrate the ending of meat price controls their initial move was a burst of speculative buying encompassing all packing shares listed on the New York Stock Exchange. "At the market" buy orders were so heavy on that day that the Big Board had trouble opening trading in such issues in anything like an orderly fashion (BW—Oct. 19'46, p. 114).

• **One-Day Rally**—Because of the initial rush to board the gravy train, Armour & Co. common was soon selling at \$15.25, vs. a Monday low of \$12.875. Cudahy Packing jumped \$6.25 to \$47, Swift & Co. skyrocketed \$5 to \$38.75, and Wilson & Co. common at \$17.75 was up \$2. Those four issues contributed over 10% of Tuesday's 2,360,000-share trading volume.

By the middle of last week, as a result of this sharp rally, Standard & Poor's meat stock price index for the first time since last fall disclosed a somewhat better-than-average showing in relation

to the postwar performance of industrial stocks generally (chart).

This avid buying of the meat packing stocks, however, proved short lived. Persistent profit-taking has followed, and by early this week the group had been pushed back to levels around those prevailing before President Truman announced the removal of meat ceiling prices.

• **Volatile Performer**—This performance isn't so surprising. Despite its basic prominence in the national economic picture, meat packing has long been considered one of the country's more volatile industries. And the stock market history of the packing shares is well studded with many similar sudden zooms and dips.

There are very definite reasons for this. Unlike most other industries, meat packers, for example, have little control over either their raw materials or finished products. They must bid for the livestock that's shipped to market. They must also immediately dispose of 70% of their output, despite prevailing market conditions, since not much of their merchandise can be stored until the marketing picture has become favorable for sellers.

Packing house profits thus largely depend on managerial judgment on the future trend of prices for both raw materials and output. Normally, there is keen competition within the trade, and rarely has the industry's peacetime profit margin exceeded 2¢ per \$1 of sales. In the 1936-40 period this shrank to under a penny per dollar.

• **Profit Margin Widens**—Since the end of the war, a most profitable period for meat packers generally, sales obviously have shown a decline. Postwar over-all profit margins, however, have widened. Particularly helpful has been the absence of the excess-profits tax levy in 1946. There has been less low-profit government business to handle, and sales have held up well where the trade's higher-profit byproduct and other-than-meat lines have been concerned.

Because of this situation packing house profits in the fiscal year now ending should be sharply higher than those revealed by 1945 operations. As some Wall Streeters see it, Armour may earn \$3 on its common stock vs. \$1.43, Swift around \$3 vs. \$2.08, Cudahy \$8 instead of \$4.12, and Wilson \$2.50 vs. \$1.64.

At the moment, however, it's evident that most stock market participants are not being swayed by the industry's current satisfactory earnings picture as they judge meat packing securities. More to the fore would seem to be its spotty past earnings record coupled with the reminder that with meat ceilings removed, a free economy system brings keen competition and narrow profit margins to the industry.

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THE TREND

OUTLOOK FOR THE COST OF LIVING

Increases in the cost of living resulting from price decontrol are certain to prompt demands for another round of wage increases. The President implicitly recognized this last week when he remarked that "freeing meat from controls means that programs of lifting controls will have to be accelerated and the removal of wage controls will also have to be accelerated."

There is, however, no more certain way to give the inflationary wage-price spiral another, and this time assuredly disastrous, spin than to rush in and increase wage rates immediately by the same percentage as the current increase in the cost of living. On the contrary, responsible as well as sensible reference to the cost of living as an element in wage determination must be based on a longer-range view of cost-of-living prospects.

- If such a view is taken, it will disclose the likelihood that, after reaching a peak attending price decontrol, the cost of living will move down again in 1947. Restraint in going after fixed adjustments in wages tied to a cost-of-living peak would be encouraged by such a view. Restraint can be fully as beneficial to organized labor as anyone else. For wage increases that soon would be washed out by price increases, killing markets and depressing employment in the process, would give labor a victory even more hollow than that which it won earlier this year.

But what is the basis for the belief that the cost of living is going to rise for the next few months and then slide down from the peaks soon to be established? Here is the analysis:

A month ago the index of the Bureau of Labor Statistics, euphemistically known since 1944 as the "consumer's price index," stood at 146% of the 1935-1939 average. That was 45% higher than the level on Jan. 1, 1941, the base date for the original wage stabilization program. And it was 16 points, or 12%, higher than the level of last January.

Food costs, up 75% since 1941 and 22% this year, account for almost two-thirds of the increase in the index. The remainder is attributable to elements such as clothing, durable goods, and rents.

- Rising food prices can be expected to boost the index further in the next few months. Some newly decontrolled prices will go up. Also, it will take time to move beef and pork to a meat-starved population. Prices of these products will be affected accordingly. Moreover, winter normally marks a low point in the supplies of meat, dairy, and poultry products. And aside from this seasonal factor, the current trend in the supply of these foodstuffs is down, with lower supplies forecast for the first half of 1947 than we have had this year.

Such a pinch in food supplies will presumably raise prices in the next few months. Nonfood living costs

can also be expected to advance as more of these are decontrolled. But thereafter, because of shifts in supply and demand, particularly of foods, the cost of living should show a reasonable decline. This prognosis is based on the twin assumptions that, in the meantime, there will be neither a large and uniform wage boost nor a major business downturn. Either eventuality would, of course, move all prices, radically, up in one case and down in the other.

- Foreign demand for our foodstuffs is declining now, following the enlarged summer harvests abroad. It will continue to fall as UNRRA relief funds are cut off at the end of the year and, granted a good growing season, as still larger foreign crops are reaped later in 1947.

Domestic food supplies, meanwhile, should be expanding, in several stages. First, some current bumper crops will move into retail channels—grains and certain fruits and vegetables. Then, marketings of animal foodstuffs can be expected to increase from the winter low. Food supplies should also grow again in 1947 as this year's large grain harvests are translated first into more poultry and eggs, then into hogs, next into beef, and finally into more dairy products—necessarily a gradual process because it takes time to accumulate the animals to which to feed increased grain supplies.

As food costs recede, other living costs can be expected to follow diverse courses. They may go up for coal, rent, and shoes—to take items at random—as decontrol proceeds. They are likely to go down for cotton textiles (page 22), electricity rates, and home furnishings. In the net, these other living costs are apt to climb a little, but not enough to offset the anticipated decline in food costs. These food costs now carry a weight of more than 40% in the construction of the cost-of-living index.

- There remain the questions: When the turn will come and how much it will be? The index may well rise to over 150 by midwinter, and then fall by ten points by a year from today. The outlook is clouded by uncertainty as to the speed at which decontrol will be carried out, and as to the dimensions of next year's crops. But breaks in some commodity prices last week—wheat, hogs, cotton—suggest the possibility of a quicker and sharper turn rather than otherwise.

Since they deal with things to come in an always uncertain future these estimates cannot, of course, be guaranteed to be 100% correct. They are sufficiently supported by the weight of probability, however, to be entitled to the most earnest consideration of labor, management, and government.

It is difficult to conceive an endeavor better calculated to serve everyone badly at this juncture than to try to tie long-term wage adjustments to the current short-term gyrations of the cost of living.

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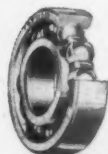
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